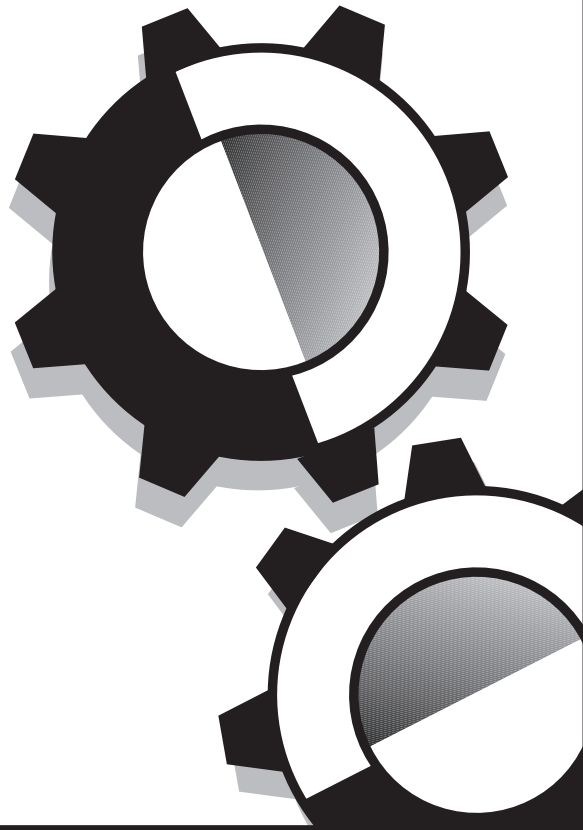


Partnering ToolKit

Construction Industry Institute



Implementation Resource 102-2

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The University of Texas at Austin.

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SECTION I - INTRODUCTION and PURPOSE

Introduction

Partnering is a proactive management process that integrates and optimizes the value-added services of each party to best achieve the business objectives of all parties within the relationship. Partnering is often referred to as the return to the use of common values and honorable business practices that once were key elements of society in general. Partnering utilizes the concepts of teamwork, trust, and honesty in order to promote the common goals of the partnering relationship (PR) and to develop a win/win mentality and atmosphere for all parties involved.

In 1987, the Construction Industry Institute (CII) organized a task force for the purpose of researching the feasibility of partnering in the construction industry. The first CII Partnering Task Force defined partnering as:

“...a long-term commitment between two or more organizations for the purpose of achieving specific business objectives by maximizing the effectiveness of each participant’s resources. This requires changing traditional relationships to a shared culture without regard to organizational boundaries. The relationship is based upon trust, dedication to common goals, and an understanding of each other’s individual expectations and values. Expected benefits include improved efficiency and cost effectiveness, increased opportunity for innovation, and the continuous improvement of quality products and services.”

The CII Partnering Task Force determined that partnering is beneficial to the construction industry. However, there was a lack of information and completed research pertaining to the implementation of successful PRs and the in-process management of PRs. Research to date had not identified the key steps needed to successfully implement and manage a partnering relationship. Research was needed to identify the key steps of implementing partnering on projects and the measurement system needed to support this effort. Therefore, in 1993, CII established the Partnering II Research Team to study the implementation and in-process management of PRs.

This research team had three objectives:

- To identify and develop a set of measures to assess the benefits of partnering.
- To determine partnering benchmarks for the construction industry.
- To identify key success factors and barriers to the partnering implementation process.

There are two distinct types of PRs in use: strategic alliances and project-specific partnering. Strategic alliances are long-term commitments between two or more organizations for the purpose of achieving specific business objectives by maximizing the effectiveness of each participant’s resources. Strategic alliances focuses on long-term goals of the relationship to obtain the maximum benefits. The second form, project specific partnering, is a commitment between two or more organizations for the purpose of achieving specific project objectives by maximizing the effectiveness of each participant’s contribution (CII 17-1 1991).

The concept of project specific partnering was first implemented in the construction industry in the mid-1980s to duplicate the successes that the manufacturing industry achieved through supplier partnering and business alliances. In the private sector, numerous industries have successfully used partnering to achieve project and business objectives. Government agencies such as the U.S. Army Corps of Engineers and the Arizona Department of Transportation have been at the forefront of the partnering movement in the public sector.

The Partnering II Research Team validated that partnering is not necessarily a “long-term commitment.” Project-specific partnering is a short-term commitment that is viable, extremely valuable, and is as effective on short duration projects as a strategic alliance is on long-term relationships.

Partnering ToolKit Purpose:

The purpose of the *Partnering ToolKit* is to aid in evaluating partnering, preparing for partnering, selecting a partner, and implementing and maintaining a partnering relationship. It is an excellent start to record in a single document an assembly of concepts and practices found beneficial in a wide range of past partnering relationships as well as to offer additional methods arising from the collective findings and experience of other Partnering groups.

Several cautions in using the *Partnering ToolKit* are warranted. First, the “tools” must be applied with judgment. Each tool does not necessarily fit each circumstance exactly, hence careful tool selection and modification are needed. The *Partnering ToolKit* requires skilled and committed “craftsmen.” These individuals must overview the partnering implementation efforts to ensure the right tools are applied in the right sequence and obtain the right results.

Partnering continues to evolve, providing new experiences which many times remain undocumented. Capturing partnering tools used to adapt to, or overcome the effects of, changing market conditions, as well as the clashing of corporate cultures, will remain both a significant challenge and opportunity to develop the *Partnering ToolKit* to its full potential.

The tools presented in this *Partnering ToolKit* were provided by companies participating in project partnering and strategic alliances. They represent tools being used by these relationships in their everyday work. The research team has altered them only to delete company identification and, in some cases, to utilize nomenclature recognized by all industries. Tools are identified as being applicable to strategic alliances or project specific or applicable to both (common tools). Each Section contains a Checklist of Key Elements that should be considered in each phase. Your particular situation may necessitate more Key Elements -- this listing is a minimum and may need expanding.

Partnering ToolKit Sections Summary

The following is a summary of each *Partnering ToolKit* Section:

- Section II - Partnering Process Model describes the five phase process incorporating executive, management and craft level participants who will implement and manage the partnering process.
- Section III - Owner's Internal Alignment describes the owner's process for identifying business drivers, evaluating partnering options and internally preparing and aligning for partnering.
- Section IV - Partner Selection focuses on preparing the partner selection criteria, developing a request for proposal, developing contractual language, evaluating responses from potential partners and identifying roles and responsibilities.
- Section V - Partnership Alignment describes the development of aligned objectives that support each partner's strategic objectives, measures to successfully determine the accomplishment of the objectives and methodology for rewarding successful alliance accomplishments.
- Section VI - Project Alignment describes developing aligned project objectives and implementing incentive and measurement plans that support these objectives.
- Section VII - Work Process Alignment establishes intra-project goals and work processes consistent with and in support of project objectives.
- Section VIII - Measures presents a variety of partner measurement criteria in the following categories: health and safety; environment; quality; accuracy; functionality; responsiveness; flexibility; planning; project administration; technology; cost control; schedule control; teamwork/partnership; constructability; and procurement.

Partnering ToolKit Computer File Formats and Instructions

Computer files are on the attached diskette so the user can modify the contents of this *Partnering ToolKit* for the specific needs of their partnering relationship. Computer files of the information contained in this *Partnering ToolKit* are presented in electronic format on the diskette enclosed in this packet. The computer files have been designated as read-only to preserve each file's contents for reuse. Follow the instructions listed below to set up your system with the *Partnering ToolKit* computer files.

NOTE: The *Partnering ToolKit* was developed in MSWord 6.0. The files were then "Saved As" the software shown below. Some figures may not appear the same as they are shown in this document.

1. Create a subdirectory entitled "C:\PARTOOLS" on your personal computer or local area network.
2. Create a subdirectory entitled "C:\PARTOOLS\READONLY."

3. Copy the corresponding *Partnering ToolKit* READ-ONLY files for your software application to the “C:\PARTOOLS\READONLY” subdirectory. These files will remain unchanged or will be substituted by later revisions.
4. Create a subdirectory for each Partnering relationship and copy all of the READ-ONLY files into this subdirectory. Use the name of your project (C:\PARTOOLS\YOURPROJ) or relationship (C:\PARTOOLS\YOURREL) as the name of your subdirectory. Add subdirectories to C:\PARTOOLS\YOURPROJ or C:\PARTOOLS\YOURREL for correspondence, schedule, and so on. Each of these subdirectories will contain all the files that are part of that relationship.
5. Be sure to back up your files regularly.

File Formats for Software Applications

Text files are presented in a separate subdirectory in the following formats:

A:\PARTOOLS.DOS*.*

WordPerfect 5.1 files have a suffix of “.W51.”

A:\PARTOOLS.W60”

WordPerfect for Windows 6.0 files have a suffix of “.DC2.”

A:\PARTOOLS.DC2*.*

Microsoft Word for Windows 2.0 files have a suffix of “.DC2.”

A:\PARTOOLS.DOC*.*

Microsoft Word for Windows 5.0 files have a suffix of “.DOC.”

A:\PARTOOLS.MC2*.*

Microsoft Word for Macintosh 2.0 files have a suffix of “.MC2.”

A:\PARTOOLS.MC4*.*

Microsoft Word for Macintosh 4.0 files have a suffix of “.MC4.”

Partnering ToolKit

SECTION II - PARTNERING PROCESS MODEL

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II. PARTNERING PROCESS MODEL DISCUSSION

In researching success achieved through partnering, the research team validated that certain ingredients were present in nearly all successful partnering relationships. From these common themes, efforts were made to produce a model documenting the process needed to achieve success in a partnering relationship. Implementation and management of the partnering process was determined to be a five-phase process incorporating executive, management, and craft-level participants.

1. Owner's Internal Alignment
2. Partner Selection
3. Partnering Relationship Alignment
4. Project Alignment
5. Work Process Alignment

The phases and their objectives are shown in Figure II-1. In Phase 1, Owner's Internal Alignment, the organization must determine its long-term business drivers, and determine that partnering is the best means to achieve business success. In Phase 2, Partner Selection, the owner identifies the supplier who can best help the owner achieve its business objectives. In Phase 3, Partnership Alignment, the involved parties communicate separate objectives, and develop mutually-beneficial objectives.

The Project Alignment phase consists of developing the project specific objectives and activities necessary for producing single-project success. Finally, Work Process Alignment incorporates the activities needed to obtain buy-in from all organizational levels within a project.

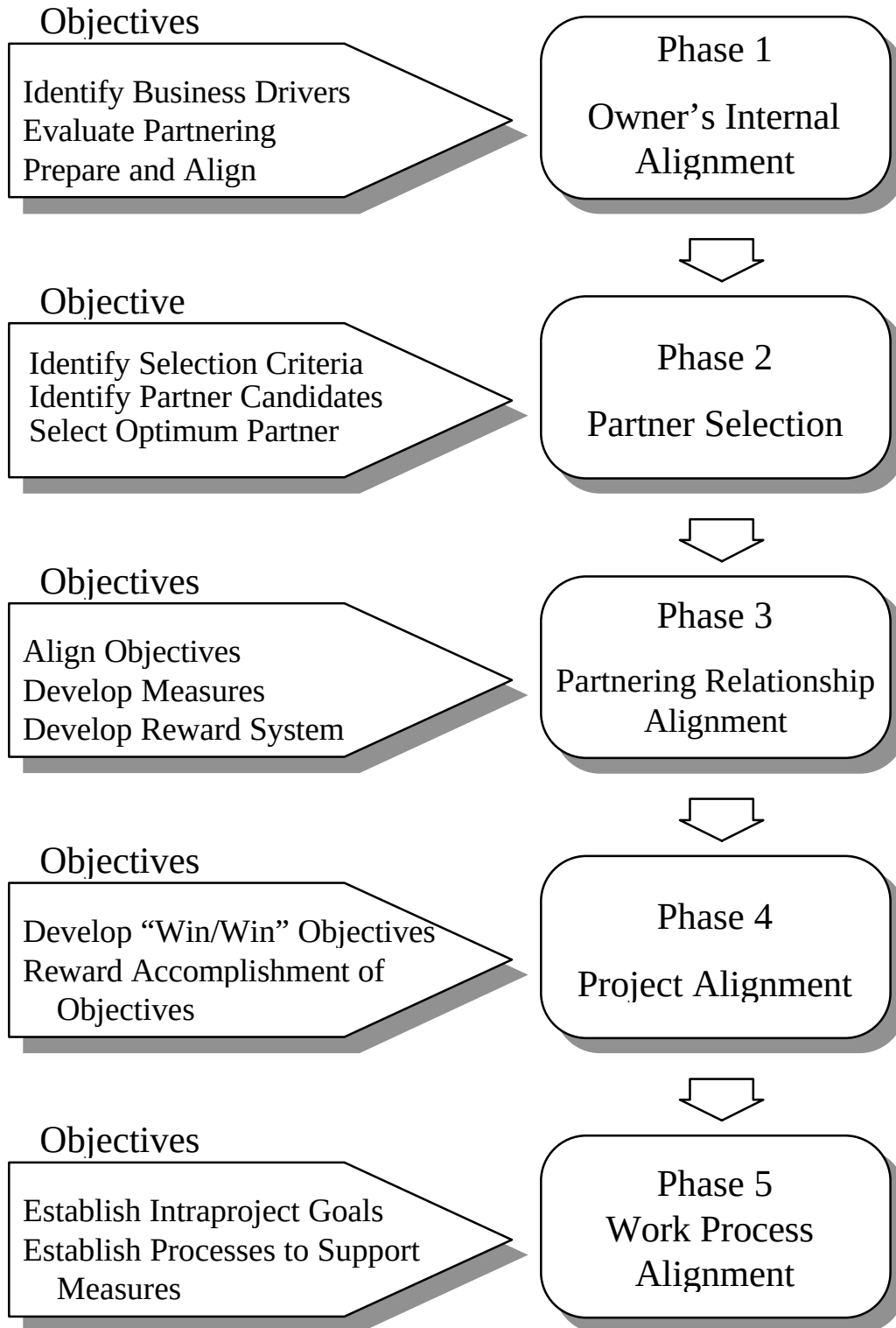


Figure II-1. Five Phases of the Partnering Process Model.

The Partnering Process Model is to be used as a guideline to aid in the implementation of partnering. The model is not meant to be a detailed step-by-step instructional procedure to be followed when implementing a partnering relationship. Rather, the Partnering Process Model is a tool that can be used to structure this planning process. Due to the unique nature of every partnering relationship, specific planning is required by the owner and between the owner and contractor to produce successful relationships. The model is as general as possible to accommodate a wide variety of project types and partnering relationships, and is applicable to both project specific and strategic alliances. To gain maximum benefit and efficiency, it is necessary to specifically tailor the partnering process to each relationship or project, using the model as a guideline.

The model is arranged into five phases that require special attention during the implementation process. The planning process should begin at Phase 1 and planning and implementation continue through to Phase 5. It is important that the relationship does not begin at Phase 2, 3, or 4, because critical preparation by the owner and planning with the contractor would be missed.

Phase 1 - Owner's Internal Alignment

The decisions made by the owner during this phase will have a significant impact on the remaining steps of the model and ultimately the success of the partnering relationship. Proactive planning during this phase can increase the success of the relationship for the least cost.

Objectives

- Identification of business drivers,
- Evaluation of partnering, and
- Internal preparation and alignment.

Phase 2 - Partner Selection

After the owner's organization has reviewed and identified its business drivers, has determined to achieve its goals through partnering, and has identified its core competencies, they are ready to begin the process of searching for a partner. It is necessary to evaluate potential candidates that will enhance existing, core competencies and provide value-added services that will be beneficial to the owner's business drivers. This search will ultimately conclude with the selection of the optimum candidate(s) for the partnering relationship.

Objectives

- Identification of Partner selection criteria,
- Create a list of potential partnering candidates, and
- Selection of appropriate partners.

Phase 3 - Partnership Alignment

The owner has now completed the partner selection process and is ready to begin the process of integration with the partner(s). This step serves as the point where the parties - owner, contractor, A/E, and/or construction manager - come together and develop win/win objectives for the alliance. This phase involves extensive planning between the two partners to develop the relationship specifics.

Objectives

- Develop aligned objectives that support each parties' strategic objectives,
- Develop measures to monitor success in accomplishing the objectives, and
- Develop a method of rewarding successful accomplishment of alliance objectives.

Phase 4 - Project Alignment

Following the selection of a partner and the establishment of a relationship defined by aligned objectives supporting mutual interest, attention must then shift to the management of the projects themselves. The implementation of policies is often much more difficult than the formation process itself, and as such, this phase encompasses many potential barriers to success. Foresight is essential in the project alignment phase in order to anticipate any problems. An important concern in the project phase is the method that will be used to measure performance. This phase is critical in that it is the chief source of communication between executive-level management and those who manage each specific project. Performance reports generated at this level must validate the choice to partner in order to remain viable. Reports must also include common variables necessary for project-to-project comparison.

Objectives

- Develop win/win objectives that support/complement alliance objectives, and
- Reward team accomplishment of project objectives.

Phase 5 - Work Process Alignment

In the Project Alignment phase, the chief concern is establishing a framework for managing each project, and monitoring performance achieved. With this completed, the final phase in the partnering process model is to facilitate the permeation of such policies and procedures through all project levels. Transferring the lofty goals and ideals of partnering, from executive level to craft personnel, is a daunting task subject to misinterpretation. However, the alliance will succeed only if personnel at all levels buy into and support the partnering principles.

Objectives

- Establish Intra-project (discipline and work process) goals consistent with project objectives, and
- Establish processes which support project objectives.

Partnering ToolKit

SECTION III - PHASE 1: OWNER'S INTERNAL ALIGNMENT

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III. OWNER'S INTERNAL ALIGNMENT

A. Application Discussion: Process Model

1. Phase 1 - Phase 1 is considered the pre-planning stage of the partnering relationship. The decisions made during this phase will have a significant impact on the remaining steps of the partnering process and ultimately, the success of the partnering relationship. Proactive planning during this phase can increase the success of the relationship for the least cost. The focus of this phase is on the preparation and planning by the owner, including the assessment of internal capabilities, future objectives, and internal alignment. Without leadership from the owner's organization, benefits will be limited, and therefore, the entire process must be driven by a champion within the owner's organization.

At the conclusion of Phase 1, the owner's organization should have completed three objectives:

- (1) Identification of business drivers,
- (2) Evaluation of partnering, and
- (3) Internal preparation and alignment.

This a crucial phase in which the owner must identify if partnering is the right approach to meet the specific business objectives and identify the goals to be achieved through establishing a partnering relationship with another company. The owner must be sure to

develop strong internal alignment in order to have a good foundation for a partnering relationship to develop. Since the process of internal alignment is a unique process for each owner, the owner must develop a customized plan that meets company goals, matches company culture, and optimizes.

2. Key Elements

Identify Business Drivers and Strategic Plan

The identification of business drivers is the foundation of a successful partnering relationship, because all subsequent decisions concerning whether to partner, type of partnering to pursue, and who to partner with, should be based on the identification of the correct business drivers and the evaluation that partnering would have the highest probability of contributing to achievement of owner business drivers. Therefore, if this step is inadequately addressed, the remaining implementation process will potentially be misaligned. Some examples of business drivers that were recognized by owners in successful PRs include:

- (1) Getting product to market faster,
- (2) Expanding to a global market,
- (3) Decreasing engineering/construction costs, and
- (4) Reducing litigation.

In addition, the owner should identify all activities that are essential to its operations, and then determine those activities that its organization performs efficiently and effectively and those which can be done more effectively by contracting to an outside party. The owner must identify which core competencies it desires to maintain in-house based on the owner's ability to add value with these activities; the remaining activities then become a major component of the list of qualifications for the partner.

Evaluate Partnering

This key component involves education on the concepts, costs and benefits of partnering, comparison to alternatives, and benchmarks achieved in the industry. It must also include determining the owner's internal ability to partner, which includes studying and analyzing company culture, work processes, contracting methods, etc. The education and training on partnering should conclude with an understanding of the results that partnering can provide for a specific organization. If the decision to implement partnering is made, the expectations of the implementation should be determined up front. The type of PR (i.e., project-specific or long-term alliance) described should be determined based upon these expectations. The evaluation of partnering should conclude with the owner being able to answer the following questions: Is partnering the best method to help achieve its business objectives, and is partnering the best method to supply the support needed to complement its core competencies?

Conduct Internal Assessment and Alignment

If the owner decides to partner, internal alignment involves integrating partnering into the owner's strategic plan so that the owner's organization is committed to its success. The decision must be communicated throughout the company. The owner must also establish what is called internal partnering. To do this, the owner must establish trust within the owner's organization, and the employees must be educated and trained about the concepts of partnering. Since two or more organizations are "united" to accomplish joint goals, the roles and responsibilities of individuals within the new relationship will change. These changes occur to improve process efficiencies and eliminate duplication of effort. Since the responsibilities of the individuals are changing they must be educated and aligned with the PR objectives. With clear objectives, employee roles are understood and their decisions and actions associated with risk taking and other matters are focused on PR success. The partnering champion must also be identified so that he/she can take the role of leadership in the implementation process.

3. Barriers - Cultural barriers may exist within the owner's organization and personnel, such as the desire to competitively bid, lack of trust, unwillingness to establish trust and cooperation with other organizations, and unwillingness to accept and promote innovative ideas. The identification of cultural barriers must be used to properly select the personnel with attitudes and personalities that will thrive in the PR environment.

III OWNER'S INTERNAL ALIGNMENT

- B. Checklist of Key Elements ☐
- 1 Business Drivers Identified ☐
 - 1.1 Internal Capabilities Assessment Complete ☐
 - 1.2 Core Competencies Defined ☐
- 2 Decision to Partner (and Type of Partnering) or Not to Partner ☐
 - 2.1 Projected Benefits of Partnering Identified ☐
 - 2.2 Business Drivers Aligned with Characteristics and Projected Benefits of Partnering:
 - a. Strategic Alliance ☐
 - b. Project-Specific Partnering ☐
 - 2.3 Costs and Benefits of Partnering Defined (ref. Section on Metrics) vs. Other Business Strategies ☐
 - 2.4 Assessment of Ability to Partner (Culture, Processes, Procurement/Contracting) ☐
- 3 If Decision to Partner:
 - a. Executive Champion Identified ☐
 - b. Key Sponsors Identified ☐
 - c. Partnering Plan Prepared ☐
 - d. Organization Established ☐
 - e. Partnering Integrated Into Owner's Strategic Plan ☐
- 4 Barriers Identified with Plan to Address ☐

III OWNER'S INTERNAL ALIGNMENT

C. Alliance Tools

1. Tool 3-1: Strategic Alliance Alternatives Comparison

This Tool 3-1 is a subjective comparison of construction alternatives used by an Owner in a long-term construction alliance to help demonstrate to Owner's employees why work was being contracted out and why the Owner was using a long-term alliance to perform the work.

CONTRACT SERVICES ALTERNATIVES			
OWNER SELF-PERFORM MODIFICATIONS WORK	Bid Each Job Values (+)	Service Contracts (Multiple) Values (+)	Partnering Values (+)
• In-depth plant/process knowledge • Long-term commitment to Owner's goals • High internal work force morale • Positive contribution to customers	• Single focus on specific job • Fixed contract/oversight cost • Possible lower cost per job • Variable staff/support cost	• Fixed contract/oversight cost • Moderate cost volatility • Some commitment to Owner's goals • Single on specific service • Some constructability benefits	• Long-term commitment to Owner's goals • Total Quality approach • High flexibility and responsiveness • "Once Through" learning curve • High constructability benefit • Incentives drive performance • Joint team focus on challenges • Contingency costs minimized • Non-adversarial relationship (win/win) • High focus on plant performance/ individual areas of expertise • Shared risk/minimal disputes and claims • Positive contribution to Owner
<u>Challenges (-)</u> • Higher fixed costs • Diluted focus on core business • Paradigms inhibit new approaches • No shared risk • Decreased flexibility • Costs tend to increase	<u>Challenges (-)</u> • Little contractor commitment to Owner's goals • Short-term profit focus • Repetitive learning curve • Adversarial relationships • Quality at minimum, specified standards • Increased Owner cost for bidding/oversight • Built-in high contingency/hidden costs • High cost volatility • No focus on plant performance • Limited shared risk/lengthy disputes and claims • Minimal constructability benefits	<u>Challenges (-)</u> • Limited constructability benefits • Built-in contingency costs • Adversarial relationship • Quality at minimum, specified standards • Some shared risk/possible disputes & claims • Higher Owner staff/support costs • Limited focus on plant performance	<u>Challenges (-)</u> • Non-traditional relationship - Trust? Candor? Win/Win? • Shared power responsibility • Prove the value? • Maintain focus on diverse goals • How to handle poor results?

III OWNER'S INTERNAL ALIGNMENT

C. Alliance Tools

2. Tool 3-2: Strategic Alliance Goals, Vision & Values Alignment

Tool 3-2 is a subjective alignment of an Owner's Goals, Vision and Values Statement and the Benefits and Characteristics of Partnering. It was used by a long-term construction alliance to demonstrate how partnering supported the Owner's Goals, Vision, and Values.

	Owner's Goals, Vision, and Values											
	Goals				Vision	Values						
	Customer Driven	Employee Sensitive	Environmentally Responsible	Growth Oriented		Integrity	Respect for the Individual	Teamwork	Continuous Improvement	Honest Communication	Leadership	Flexibility
Partnering Benefits												
Focus on Core Business												
Increase Productivity												
Maximize Effectiveness of Resources												
Long-Term Improvement Process												
Innovation												
High Quality of Work												
Improved Technology												
Highly Cooperative Relationship												
Contribution to Community												
Partnering Characteristics												
Trust												
Long Term Commitment												
Shared Vision												
Equity												
Investment by All												
Synergism												
Shared Risk												
Increased Reward for All												
Systemic												
Competitive Edge												
Respect and Cooperation												
Shared Goals												

III OWNER'S INTERNAL ALIGNMENT

D. Common Tools

1. Tool 3-3: Business Assessment Workshop

Tool 3-3 is a memo and pre-work questionnaire for an owner business assessment workshop for a long-term construction alliance. The objective of the workshop was to identify business situations and drivers and expectations that the alliance would address. This workshop is attended by senior managers of the owner and led by the owner executive responsible for the alliance.

Business Assessment Workshop - Pre-work

A critical principle of successful partnering relationships is that both the owner and the partners fully understand and are committed to common objectives. For this reason, the Business Assessment Workshop scheduled for (Date) is extremely important for development and success of the alliance.

The subjects to be discussed and resolved in the workshop are complex and require in-depth preparation by all participants. Attached is a pre-work questionnaire to be completed by each of us prior to the workshop. Responses will be consolidated such a way as to reflect apparent consensus and to highlight differences in perspective.

Set aside the time necessary to think through your answers to these questions, and return your response to _____ on _____.

BUSINESS ASSESSMENT WORKSHOP

(Date)

Pre-Work Questionnaire

Please respond to each of the following questions and return your responses no later than (date).

Business Situation

The Business Situation summarizes the business needs which the owner must satisfy and the pressures which must be managed. Responses should focus on those needs and pressures which drive owner expectations of the alliance contractors.

A. What are the customer's requirements? How do these translate to requirements for the owners?

Customer Requirements for Owner

1.

2.

3.

Requirements for Alliance Contractors

1.

2.

3.

B. What are the owner's social, political, and legal needs that must also be met by the alliance contractors?

1.

2.

3.

C. What competitive pressures does the owner face? How do these pressures translate into requirements for the alliance contractor?

Owner's Pressures

1.

2.

3.

Requirements for Alliance Contractor

1.

2.

3.

D. Which expectations of the owner employee must be supported by the alliance contractor?

- 1.
- 2.
- 3.

Business Strategy

The Business Strategy summarizes the owner's reason for being in business as well as the plan for success, with particular emphasis on the role of the alliance contractor.

A. What is the owner's purpose/mission? What are the expectations of the alliance contractor in fulfilling the purpose and mission?

Owner's Mission

Role of Alliance Contractor

- | | |
|----|----|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |

B. What is the owner's vision? What is the role of the alliance contractor in attaining the vision?

Owner's Vision

Role of Alliance Contractor

- | | |
|----|----|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |

C. What is the owner's competitive strategy? What is the desired role of the alliance contractor in the competitive strategy?

Competitive Strategy

Role of Alliance Contractor

- | | |
|----|----|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |

- D. What are the owner's objectives and goals as they relate to the alliance contractor?

Owner's Objectives

Goals Related to Alliance Contractor

- | | |
|----|----|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |

- E. What are the owner's operating principles? To what extent do these principles coincide or conflict with alliance contractor principles?

Operating Principles

Coincide? (Y / N)

- | | |
|----|--|
| 1. | |
| 2. | |
| 3. | |

How would you recommend we resolve any conflicting principles?

- | | |
|----|--|
| 1. | |
| 2. | |
| 3. | |

- F. What additional values, assumptions and paradigms are held by the owner's employees, particularly concerning the alliances?

- | | |
|----|--|
| 1. | |
| 2. | |
| 3. | |

Culture

Culture reflects how the organization really operates. That is, what observable behaviors would an impartial assessor see?

- A. Is there a shared culture (set of behaviors and supporting attitudes) between the owner and the current contractors? (Y / N)

Explain significant differences and similarities.

1.

2.

3.

- B. What should the alliance contractors' role(s) be, in view of the formal strategy?

1.

2.

3.

- C. What determines what work gets done?

1.

2.

3.

- D. How do you explain how things get done (or don't get done)?

1.

2.

3.

- E. What is the actual distribution of power and rewards? How would this change with an alliance?

Business Results

The Business Results summarize current results obtained by the owner:

1. To what extent are the owner's customers' requirements being satisfied? How have the contractors influenced this?

2. To what extent have social, political, and legal requirements been met? How have the contractors influenced this?

3. What is the owner's position relative to competition? How have the contractors influenced this position?

4. To what extent have the owner's employee expectations been met? How have the contractors influenced this?

III OWNER'S INTERNAL ALIGNMENT

D. Common Tools

2. Tool 3-4: Business Drivers Checklist

Tool 3-4 is a list of business drivers to be used in assessing if partnering is the proper business strategy for the owner. The best approach to track the progress of this phase is by creating a checklist of the key components, and recording the resulting decision made by the owner concerning each component. Steps in this phase include evaluating core competencies and identifying areas with the opportunity for adding value and deciding whether to pursue a strategic alliance or a project-specific relationship. The owner's customized plan must meet company goals, match company culture, and optimize benefits.

Business Drivers	Strategic Business Approach		
	Strategic Alliance	Project-Specific Partnering	Non-Partnering
1. Decreasing construction costs			
2. Decreasing engineering costs			
3. Decreasing production costs			
4. Expanding to a national or global market			
5. Getting a product to market faster			
6. Improving plant productivity			
7. Improving environmental compliance of a facility			
8. Improving product quality			
9. Improving safety performance			
10. Improving schedule performance			
11. Improving worker productivity			
12. Increasing profits			
13. Preparing for industry deregulation			
14. Reducing litigation			
15. Reducing overhead costs			
Key Business Components	Yes	No	Comments
1. Need is long-term			
2. Need is multi-project and/or multiple locations			
3. Previous approach achieved business objectives			
4. Partnering characteristics are attractive			
5. Partnering benefits align with business drivers			
6. Company needs change			
7. Company receptive to change			
8. Need has peaks and valleys			

III OWNER'S INTERNAL ALIGNMENT

D. Common Tools

3. Tool 3-5: Roles and Responsibilities

Tool 3-5 is a roles and responsibilities matrix that can be used in conjunction with the Key Elements checklist.

Position							
Activity	Owner's Senior Partnering Advisory Group	Owner's Partnering	Owner's Senior Partnering Advisory Group	Owner's Senior Partnering Advisory Group	Owner's Senior Partnering Advisory Group	Owner's Senior Partnering Advisory Group	Owner's Senior Partnering Advisory Group
1. Develop a list of business drivers from strategic plan.							
2. Conduct internal capabilities assessment.							
3. Define core competencies critical to success factors.							
4. Develop Partnering benefits and alternative approach benefits.							
5. Assess benefits impacts on key business drivers.							
6. Does Partnering support business drivers?							
7. Compare Partnering vs. non-Partnering.							
8. Compare Alliance or Project Specific Partnering.							
9. Decision - Partnering Yes/No.							
10. Develop Partnering plan.							
11. Identify and indoctrinate champions and sponsors.							
12. Develop organization.							
13. Integrate Partnering into business plan.							
14. Develop communication plan.							

Legend:

P - Primary

S - Support

A- Approval

R - Review

I - Input

III OWNER'S INTERNAL ALIGNMENT

D. Common Tools

4. Tool 3-6: Partnering Plan

Tool 3-6 is an outline of a Partnering Plan used to identify, define, and schedule the objectives and process to follow in establishing a partnering relationship both alliance and project-specific.

Description - A Partnering Plan (P²) is a single document which summarizes a coordinated and resource loaded strategy for initiating and subsequently supporting a partnering relationship. Preparation of P² is the earliest and most important step by an owner in partnering as it sets the stage for the direction, timing, and effectiveness of actions to follow. With brevity foremost, its main thrust is to outline “what must be done” (and obstacles thereto) leaving “how things are done” to the best judgment of those assigned execution responsibility. P² is an extremely powerful document which:

- Aids in early alignment/buy-in of key personnel (champions) with the partnering approach.
- Provides common reference point for personnel irrespective of when they became involved with the partnering effort.
- Is a living document designed to surface problems and force their resolution.
- Provides a historical record useful for continuous improvement with subsequent partnering efforts.

Key Components -

- Owner's partnership objectives (...clear, concise and prioritized).
- Workscope/Responsibilities of planned partnership (...clear, defined limits with full recognition of gray areas).
- Roles and responsibilities during:
 - Internal preparation for partnering
 - Partner search
 - Partnering implementation
 - Partnering maintenance/enhancement
- Schedule of milestone partnering events.

- Critical issues (...one page description of the issue, its effect on partnering efforts, proposed steps to resolve the issue, and assigned responsibility to steward resolution by a specific date).

Time - P² preparation should begin as soon as there is a “critical mass” to support the partnering approach. At the time, P² preparation will guide evolution of partnering approach and, at other times, mirror decisions taken. P² preparation should be, and be seen to be, a significant responsibility which is assigned to an individual who drafts/coordinates P² preparation.

III OWNER'S INTERNAL ALIGNMENT

D. Common Tools

5. Tool 3-7: Partnering Strategy

Tool 3-7 is a partnering strategy for use in a long-term construction alliance that is prepared once the owner decides to use partnering. It can be adapted to any scope of work under the alliance by completing the blanks below:

Our strategy is to contract our construction modifications, supplemental maintenance and engineering needs beyond our core capability, and selected other work utilizing partnering arrangements (also called strategic alliances). Utilizing partnering arrangements for such work is a formal business strategy.

This partnering strategy is an integral part of our corporate goals: Customer Driven, Employee Sensitive, Environmentally Responsible and Growth Oriented; Values: Integrity, Respect for the Individual, Teamwork, Innovation and Continuous Improvement, Honest Communication, Leadership and Flexibility; and our vision to be a recognized world leader in providing energy and related services, independently and in alliance with others. The relationship between these goals, values, vision, and partnering are shown on page III-6.

Partnering is a long-term commitment with the partnering contractor for the purpose of achieving business objectives by maximizing the effectiveness of both organization's resources.

Our Vision of Partnering - Through our model partnering relationships, aligned with our values, the partnering alliance is a leading contributor to attainment of our goals and vision.

1. Benefits - The expected benefits of this partnering strategy are:

2. Measurement of Success - The key criteria for measurement of implementation and success of this strategy are:

3. Results of pre-planning stage of partnering relationship.

Characteristics of Partnering - The essential characteristics of the partnering arrangement are:

- Commitment to the partnering concept by both organizations. Partnering will not work unless both sides freely commit themselves to implement it. Intimidation, shallow inducements or half-hearted commitment will inevitably result in failure.
- Commitment to safety so that the health and welfare of employees and stakeholders are fully respected and protected in the conduct of work.
- Commitment to respect, trust, cooperation, and excellence for all stakeholders in partner organizations.
- Top management must consistently and publicly endorse the principles of partnering. Partnering requires the unwavering commitment and support of all levels of management.
- Shared goals which are truly achieved when employees come to think and act indistinguishably from each other.
- Other characteristics identified by the Construction Industry Institute (CII) Publications' 24-1, *Cost-Trust Relationship*, and 17-1, *In Search of Partnering Excellence*:

1. Trust (per CII Publication 24-1, *Cost-Trust Relationship*)

The confidence and reliance one party has in the professional competence and integrity of the other party to successfully execute a project in the spirit of open communication and candor.

Trust in the professional competence and integrity of the parties can be summarized in the following perceptions:

- A belief that both parties will do what they said they will do.
- A willingness for both parties to risk being vulnerable to the other, supported by the belief that neither party will take advantage of the situation.
- A sensitivity and active dedication to each other's needs.
- Candid communication about how each sees the relationship.

2. Long-Term Commitment

Experience has shown that the benefits of partnering are not achieved quickly. Problems enabling companies to achieve a competitive advantage usually require