



PARTNERING: MEETING THE CHALLENGES OF THE FUTURE

Partnering Task Force
Interim Report

**Partnering:
Meeting the Challenges
of the Future**

**Prepared by
The Construction Industry Institute**

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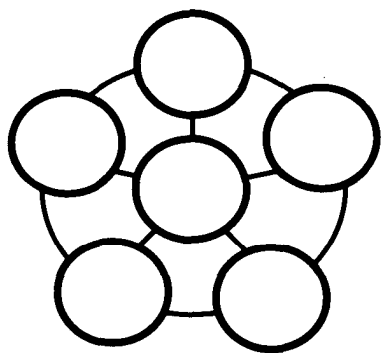
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The purpose of this report is to make available to industry the results to date of the Task Force on Partnering of the Construction Industry Institute (CII). The publication does not necessarily represent the views of the Institute, or its member companies, but those of the task force members. It is offered as a contribution to the industry and was prepared especially for the 1989 CII annual meeting held in August 1989.

The CII was founded in 1983 to improve the cost effectiveness of the nation's largest industry. The members, who represent a broad cross-section of owners and contractors, believe that many of the problems that limit cost effectiveness are common ones, and that real improvements can be best accomplished in a cooperative environment with the benefits being shared by the construction industry at large.

This interim report was prepared by Donn E. Hancher, Professor of Construction Engineering and Management, Department of Civil Engineering, Texas A&M University, College Station, Texas 77843.

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CII Partnering Task Force

John M. Anderson
Day & Zimmermann, Inc.

Scott T. Baker
Rust International Corp.

Charles Brown
Northern States Power Company

Barry L. Christen
MK-Ferguson Company

A. B. (Lonnie) Cochran
The Proctor & Gamble Company

John D. DeDivitis
Bechtel, Inc.

Lance S. Frankham
Fluor Daniel

William A. Fraser
Bureau of Reclamation

Paul Gordon
BE&K, Inc.

Donn E. Hancher
Texas A&M-Civil Engineering

Arthur J. Holveck
E. I. duPont de Nemours & Co., Inc.

George J. Hvizdos
Potomac Electric Power Company

H. J. Kraus (Chairman)
Chevron Corporation

Lee Kreh
Monsanto Chemical Company

Robert S. Lipscomb
S.I.P. Engineering, Inc.

Keith Manning
H. B. Zachry Company

Frank Oliva
U. S. Army Corps of Engineers

Don M. Rasmussen
Union Carbide Corporation

Harry Sauer
Gilbert Commonwealth, Inc.

Allan E. Schoeneberg
Houston Lighting & Power Company

Gary J. Wilson
Texaco, Inc.

Past Members

James Mortel, Cherne Contracting
John Kolessar, Houston Lighting & Power
Roger Rasbury, Houston Lighting & Power
Ken Hamilton, Texaco
Ken Deitz, Davy McKee

In the early 1970's the business environment for engineering and construction changed sharply. Faced with ever-increasing inflation, oil embargoes, and other economic factors, the industry was forced to develop new strategies to handle these challenges. The industry is again faced with new challenges and must respond with new and innovative strategies. New technologies, hostile takeovers, foreign competition, profit pressures, changing regulations, and high investment risks are forcing the industry to shift away from traditional approaches and seek new ways of doing business; seek new ways to lower costs and differentiate themselves to gain competitive advantage; break from old patterns and prepare for change.

The concept of partnering is one approach to conducting business that confronts the economic and technological challenges facing the industry in the 1990's. This approach focuses on making the goals of the owner, contractor, designer, and supplier better understood and easier to manage. Partnering is a type of contractual agreement that outlines mutually attainable goals, satisfies long-term needs, and assigns risk among all the parties involved.

The Construction Industry Institute established a Task Force on Partnering to evaluate the feasibility of this method of doing business. This publication is an interim progress report of the task force, prepared for the 1989 Annual CII Meeting in San Diego, California. The information presented is based on the preliminary findings of the task force and should not be construed as the final recommendations. The task force plans to complete its work and issue a final report and recommendations by mid- 1990.

Research Efforts

The CII Partnering Task Force has been in existence since the spring of 1988. Since that time, the task force has met many times. The purpose of the early meetings was to seek input on various existing partnering relationships, to define the partnering process, and to identify the goals and objectives of the task force with an accompanying work plan to develop a final product.

The research efforts to date include several meetings with companies currently involved in partnering relationships, a review of existing literature, a survey of several companies involved in partnering, and many efforts by task force members to define the partnering process and to identify important issues to evaluate if one considers entering such a relationship. Other research efforts of the task force in the future will include:

- Literature searches
- Case studies
- User surveys
- Industry participant interviews
- Study of related topics such as the total
- Quality improvement process
- Brainstorming:
 - By task force
 - Annual conference workshop

Partnering

Partnering relationships in existence today cover a broad spectrum of corporate arrangements from informal working agreements between customers and suppliers to legally binding and enforceable contractual pacts. Partnering refers to the whole movement of strategic alliances toward greater use of long-term highly structured agreements between companies to cooperate in an unusually high degree to achieve their separate but complementary objectives. Partnering, however, stops short of a true merger and permits each participant some latitude of pursuing independent objectives and obligations with other customers, contractors, or suppliers.

The concept of partnering is based on the premise that important but complementary opportunities may exist between two companies, whether they have a customer-client relationship or competitor-competitor relationship, but barriers exist that prevent them from working together. However, if the right people are brought together with an effective organizational process, these barriers can be eliminated and mutually beneficial relationships can be established.

The partnering concept is still new to participants in the United States construction industry; and the attributes, benefits, challenges, concerns, required conditions for application, and many other questions are still not well-defined. The CII Partnering Task Force is attempting to provide answers to these many questions as part of its mission; some preliminary answers are offered in this interim report.

Mission and Purpose

- **To:**
Determine the benefits and risks, economic and other, of “partnering”
- **In a way that:**
Provides guidelines on the process of how to plan, organize, and select a partner

Provides guidelines on the process of how to implement a “partnering” relationship
- **So that:**
Owners, engineering and construction industry members can successfully implement “partnering”

Goals and Objectives

- Study existing “partnering” relationships and related practices
- Determine the benefits and concerns of existing “partnering” relationships
- Recommend methods to improve on the existing “partnering” approach
- Recommend ways to extend and expand the “partnering” concept
- Consider application of “partnering” to small projects and recommend ways to expand its use by small owners and builders
- Develop guidelines on how to select a “partner”
- Recommend ways to implement a “partnering” relationship

Definition of Partnering

The Partnering Task Force offers the following definition: “Partnering is 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. 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.”

Departing from the clinical definition, “partnering” is simply a relationship wherein:

- All seek win-win solutions.
- Value is placed on long-term relationships.
- Trust and openness are norms.
- An environment for long-term profitability exists.
- All are encouraged to openly address any problem.
- All understand that neither benefits from exploitation of the other.
- Innovation is encouraged.
- Each partner is aware of the other’s needs, concerns, and objectives, and is interested in helping their partner achieve such.
- Overall performance is improved.

Key Elements of Partnering

Long Term

The relationship is long term, and is not in a state of constant reassessment of the relationship.

Commitment

There must be real commitment to each other and each other’s business objectives. Success is mutual.

Continuous Improvement

There must be continuous, routine feedback in all directions and a clear focus on continuous quality improvement.

Trust

The relationship is based on trust, sharing information and respecting other parties’ needs for confidentiality of shared information.

Investment

All parties invest in partnering; each invests the strengths uniquely possessed that can contribute to success.

Alignment

There must be a mutual exchange and agreement to expectations.

Synergism

A synergistic environment will promote the open exchange and consideration of ideas. Avoid the “not invented here” syndrome. The relationship will combine the resources and knowledge of the partners.