

## Partnering - Models for Success

**A Partnering Task Force established by the Construction Industry Institute Australia ("CII") researched 32 successful and unsuccessful partnered projects.**

The research identified that more complex models for partnering are required. It outlines best practice for the partnering process, solutions to problems, the importance of continuous evaluation, how to minimise risk in the legal context and provides two case studies of successful projects.

As an agent of organisational change, partnering can be a powerful technique. It focuses on the need for the organisation to succeed in a potentially hostile external environment, or when project complexity dictates a range of clever construction solutions to meet targeted project outcomes.

For clients or building owners, the main direct benefit of partnering is that it provides a method of monitoring industrial and contractual working relationships on their projects. This means they are better informed and able to provide input if project objectives are not being met.

Set out below with CII's permission, is the Executive Summary of the Task Force's report "Partnering - Models for Success: A Research Report to the Construction Industry Institute Australia".

### Executive Summary

In 1994, the Construction Industry Institute (CII) formed a task force to investigate ways in which partnering arrangements could enhance the construction process. The aim of the investigation was to identify the criteria for successful partnering; determine what benefits they procured; and ultimately identify models which might be suited to the Australian construction industry. The investigation involved a series of structured field interviews and documented case studies.

The results indicated there were a number of approaches to partnering in the construction industry and varying degrees of commitment on the part of industry participants. The majority of participants indicated that the partnering arrangement had been most beneficial to the particular project under investigation and felt there were specific mechanisms which brought these benefits to fruition.

First, good communication and a high level of trust

between partners were seen as having been established and conflict resolution processes were seen as effective. Second, it was felt that partnering had reduced claims, disputes, delays and the need for reworking, whilst improving safety and profit margin. Control of time and multiple aspects of costs were seen as improved, as was product quality. Participants felt that the non-adversarial attitude between partners had contributed to these outcomes.

Third, the exchange of knowledge and transfer of technology between partners was seen as having the potential to promote innovation and improve established practices. However, this was providing the partnering relationship had been formed early in the project delivery process, preferably in the conceptual phase.

The development of goals and objectives and the establishment of a dispute resolution plan were considered to be essential ingredients of successful projects, as was the commitment of senior management. Partnering workshops were found to be fruitful in terms of identifying the key players, their commitment, objectives and level of responsibility.

However, it was clear that the potential benefits of closer interaction and understanding were diminished because of a number of factors. Early implementation of the partnering arrangement was seen as a crucial factor in terms of the success of the partnering arrangement. Respondents felt that the late implementation of the partnering arrangement often meant that its true potential could not be realised.

While partnering was seen as a vehicle to improve communication, it was felt that communication and interaction was often hindered by intermediaries between clients and contractors.

Respondents indicated that consultants were rarely involved in the partnering agreement and that the partnering arrangement would have benefited if the contractor was involved early in the delivery process. Some respondents indicated that the late engagement of the contractor stemmed from the need to satisfy probity considerations. These considerations meant they could not deviate from the conventional approach to selecting

contractors. Clearly, alternative approaches need to be sought, as engaging contractors and design consultants early and working with them can achieve much higher levels of success in terms of design and construction solution. If probity issues are to be overcome, one solution might be the use of independent cost advisors.

Commercial pressures and financial considerations were considered a major factor in the failure of partnered projects, with 100 percent of respondents from failed projects indicating problems in this area. Our findings indicated that this issue could be addressed through selection of contractors based on “realistic” rather than “lowest” tender submissions, as results indicated a correlation between low tenders and partnering failure.

Finally, partnering agreements tend to focus excessively on developing structured procedures to facilitate dispute resolution. Whilst acknowledged as important by the respondents and emphasised by the New South Wales Government in the *NSW Capital Project Procurement Manual*, this may be an inappropriate environment in which to establish a partnering agreement, which in the main, should concentrate on positive project outcomes.

Partnering can promote superior outcomes for complex projects, or projects constructed under difficult conditions. It is at these times when many in the construction industry retreat to the perceived comfort of the traditional adversarial approach. However, these are the times when partnering has the most to offer.

**Recommendations**

A number of recommendations arise from this investigation. They are listed below in order of priority.

- Partnering arrangements should be implemented in the early stages of the project delivery process. In this way, partnering can be tailored to meet the needs and challenges of each project, common goals can be identified, and the full benefit of the partnering process realised.
- Critical success factors need to be identified with associated performance indicators. Measurement of such factors over the duration of the project is fundamental when assessing the success of the partnering arrangement. Ongoing assessment should lead to continuing improvement.
- The workforce as a whole must become familiar with the desired project outcomes. This will improve overall communication on the project, giving partners the opportunity to address problems early and avoid possible conflict.
- Partnering facilitators should be independent and accredited. There is no centralised database of partnering facilitators in Australia. Most facilitators are employed by word of mouth. Many respondents felt that one of the duties of the CII Task Force was to compile a

database of suitably qualified facilitators. It was also suggested that a partnering facilitators’ accreditation scheme be initiated by one of the academic institutions.

- Training courses should be established, aimed at industry personnel of all levels, particularly in client organisations. The courses should concentrate on the various procurement strategies for a range of projects and set out how and when partnering can be used.
- The appointment of independent cost advisors may overcome probity issues (where relevant), so that contractors can be appointed early and thus have full input into the partnering process.
- Partnering agreements should focus on achieving positive project outcomes and the avoidance and prevention of disputes.
- Incentive schemes should be used to encourage contractors, subcontractors and their workforces to secure, if not improve, the gains made by partnering.

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