



## **INSTITUTE FOR LEAN CONSTRUCTION EXCELLENCE**

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EDUCATIVE NEWSLETTER 8

### RELATIONAL CONTRACTING

The last 6 decades has seen construction move forward – a giant leap.

Mega structures, complex structures, faster delivery – all being made possible with the advent of specialized players, information technology, etc.

But as is wont in human nature, the different sets of specialized players, have ushered in “Adversarial relationships” affecting performance in Time, Cost, etc.

Escalating costs, time overruns, disputes, arbitration and many other ills have become the common demeaning factor in the delivery of any project.

The main causality is the extreme bad name to the construction industry.

The commonly accepted solution is “Relationship Management” – it is the management of personal relationships between the different players of the project.

In simpler terms, we may call it “Partnering”.

Partnering, in essence, means getting along with the people you work with and getting the job done in an honorable, dignified, efficient and profitable way.

All over the world, the various governments, institutions, forums have advocated “Partnership” to overcome malaise of adversial relationship.

Good construction engineers do practice partnering in an informal manner.

But the need of the hour is very effective partnering with minimal chances of failure.

And the time given to this partnering concept is at the very beginning of the project and that too, very much focused.

Many books also have been written for effective Partnering.

1. *Partnering – Changing Attitudes in Construction (Associated General Contractors of America – Partnering 1995)*
2. *Profitable Partnering for Lean Construction (Clive Thomas Cain)*
3. *Many more*

Effective partnership generally advocate :

To hold a workshop at the start of the project whose focus is to make a “Virtual Firm” of the different players of the project leading to drawing an Agreement of dos and don’ts for the virtual firm players

1. Bring all the players for the particular project as early as possible.
2. Weld the players into a powerful team.
3. Let all the team players be members of a “Virtual Firm” for the particular project.
4. The team players sit at regular intervals, to sort out problems , holds and other vexatious issues.
5. Close monitoring and preferable the team works towards a “Pull” in the project.
6. Preferably, appointment of an impartial facilitator ( with no legal powers) to hold the team together.
7. The team players fully adopt “All for One, One for All”

Below is an exercise of Building Partnership Workshop for “ creating Virtual Firm “

Attendance compulsory of all players of the project.

Preferably two day workshop with overnight stay of all players for them to get to know each other in an informal manner.

Conflict Resolution to be “ nipped in the bud”

## DAY 1

Time	Particulars	Key outputs
0900	Welcome & Opening remarks by the head - client organization	Demonstration of client's keenness
0915	Client – Business case explanation, Project Overview, Description and Goals	Common understanding reached within the group, prioritized goal clarity
1000	Introduction – Each stakeholder's frank concerns, inhibiting factors affecting his performance	Issues and concerns of each are understood by the others
1100	DVD “ Partnering”	Reinforces the concept
<b>1115</b>	<b>Tea Break</b>	
1130	Partnering Concept & Skills Case studies Group Discussions	All stakeholders are convinced and show their commitment.
<b>1315</b>	<b>Lunch</b>	
1400	Team Building Exercises	A cohesive team is formed with common goal
1630	Partnering Charter Requirement and Essentials	Rough-cut Partnering charter format is filled in by the Stakeholders
1700	Close of Day 1	
2000	Social activity / Dinner (Attendance Mandatory)	Team spirit reinforced Team gets to know each other

## DAY 2

Time	Particulars	Key outputs
0930	Recap of Day 1	Continuity established
0940	Ground Rules Brainstorming /Problem solving session to address major Concerns/Risks	Key actions are agreed on, Communication guidelines established
<b>11.30</b>	<b>Tea Break</b>	
1145	Group discussion :Defining Issue Resolution Process	1page Issue resolution process established
1245	Group Discussion :Partnership Evaluation Process (PEP)	PE procedure established
<b>0130</b>	<b>Lunch</b>	
1430	Group Discussion : Partnership Charter (PC)	Draft PC ready
1630	Signing of PC Concluding remarks	PC signed
1700	Close of Day 2	

(based on "Partnering - Changing Attitudes in Construction")

*The workshop ends with a Partnership Agreement drawn wherein each of the players duly signs in the partnership agreement.*

### **EXAMPLE 1 OF PARTNERING AGREEMENT**

We, the xxxx project team, hereby agree to construct an exemplary project.

The following values will be our guide :

- Team work - Have fun
- Budget - Complete with the work within \_\_\_\_\_ Rs.
- Communication - No Secrets
- Relationship - No Claims
- Commitment - Walk the talk
- Quality - No rework / Continuous improvement
- Schedule
- Safety

Signatures 1.	5.
2.	6.
3.	7.
4.	8.

### **EXAMPLE 2 OF PARTNERING AGREEMENT**

#### **XYZ Project**

#### **Partnering Charter**

This Charter sets out the understandings reached by the participants at the XYZ Partnering Workshop held on \_\_\_\_ Although this Charter is not intended to have formal legal standing, by their signature the parties are committed to the spirit and intent of its provisions in the interests of the successful completion of the XYZ Project.

#### **MISSION STATEMENT**

Our Mission is to complete the project with a satisfactory outcome for all parties client, contractors, subcontractors, and supplier alike.

## OBJECTIVES

The satisfaction of our Mission will require that :

- The project is completed within its budget and that each participant achieves this financial goal
- That the project is completed within its original schedule
- That the project fully meets its operational requirements
- That the project is completed with zero accidents
- That the participants are able to reflect on the project experience as rewarding and satisfying.
- That should appropriate circumstances arise the parties would wish to work with each other again.

## BEHAVIOURAL REQUIREMENTS

To achieve these objectives we commit to :

- Recognize , respect and promote each others' aims and interests
- Align these aims and interest with the project objectives
- Conduct our relationship in a spirit of specific cooperation and mutual respect.
- Respond to difficulties from whatever source in a positive, understanding and constructive manner without the attachment of blame.
- Strive to avoid disputes by resolving issues openly and early
- Encourage flexibility and innovation in all matters

Signed by

\_\_\_\_\_ Owner  
\_\_\_\_\_ Architect  
\_\_\_\_\_ Consultants  
\_\_\_\_\_ Construction Agency  
\_\_\_\_\_ Specialist Contractors

(UK Source)

*Partnering does reap enormous benefits.*

- The Empire State building 85 floors was built in 18 months in 1929
- US Army Corps of Engineers have used partnering on more than 300 projects.

*And many many projects in USA, UK and Australia.*

*Partnership should be more the rule in construction than the exception.*

*Particularly when no particular cost for effecting partnership is needed.*

*Next Newsletter – Concluding Educative Newsletter*

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