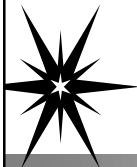




Managing Strategic Partnerships for Long Term Success



**Susan Soller;
The Boeing Company**



Strategic Partnering Vision....

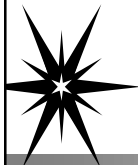
Building high performance





Boeing Expectations...

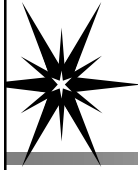
- Commitment to help us reduce cost of design and construction
- Preferential rates for products and services
- Provide excellent, qualified people
- Be our Partner through ups and downs of business cycle
- Trustworthy, integrity, open communication
- Continuous improvement in project delivery



Boeing Commitment

- Partnering Agreement is good faith as long as trust is not violated (no term)
- Can be cancelled by either party at any time
- Fairly distribute the majority of our work (level-load construction work)
- Share business and workload forecast
- Work together to save cost and improve project delivery





Boeing Facilities Organization

(Puget Sound & Wichita)

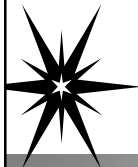
Puget Sound:

- 6 major sites
- 4 construction partners
- 4 design partners
- 1 full service carpet partner



Wichita:

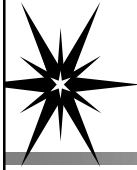
- 1 site (2nd largest)
- 1 construction partner
- 2 design partners
- 1 full service carpet partner
(common to both areas plus St. Louis)



Construction Partners

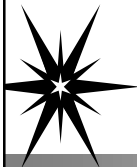
- The Austin Company
 - Baugh Construction
 - General Construction
 - Martin K. Eby Construction Co., Inc.
 - Morrison Knudsen Corp.
- Started March 1995
 - Selection: assigned by site





Design Partners

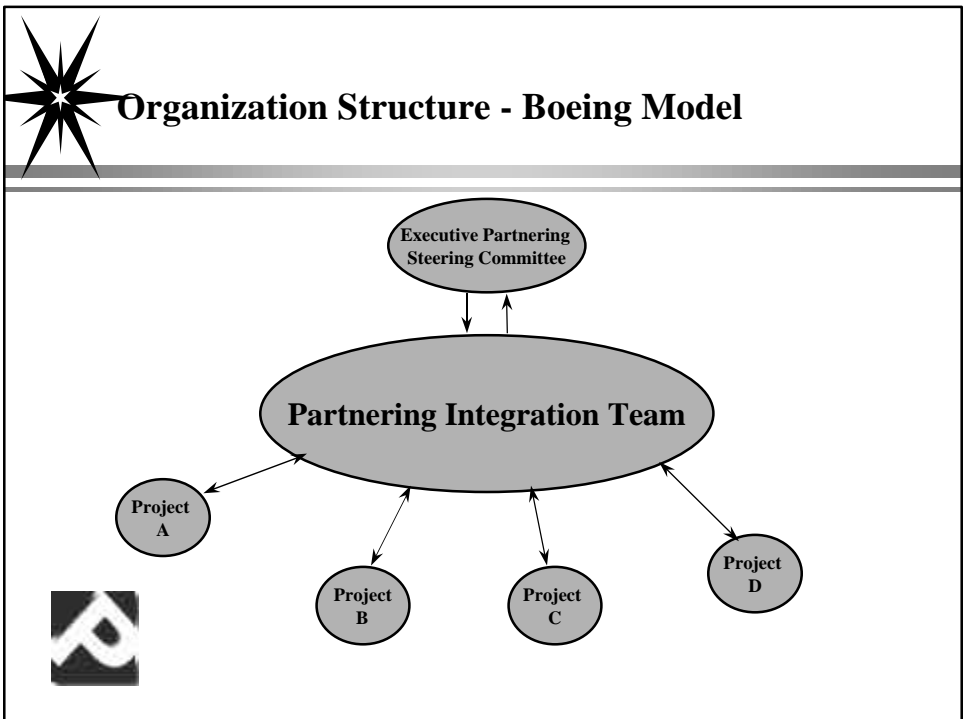
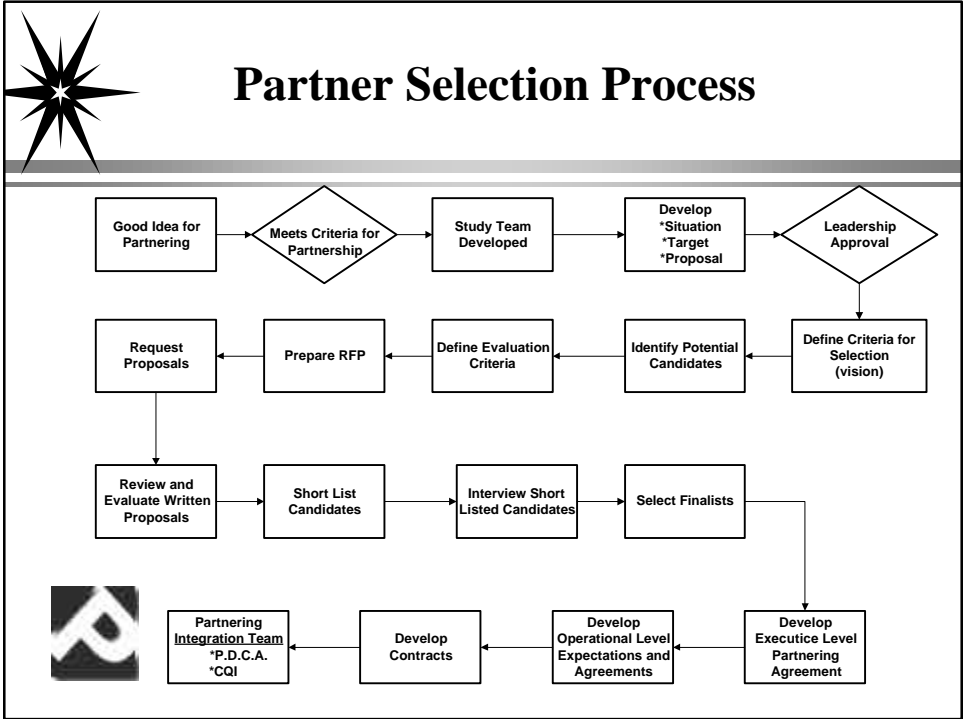
- The Austin Company
- DLR Group
- Harris Group Inc. ➤ Started August 1997
- Gossen Livingston
- LMN Architects ➤ Selection:
 - core competency
 - available resources
- Professional Engineering Consultants (PEC)

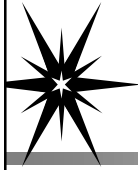


Carpet Partner

- Lees Carpets ➤ Started November 1997
- Includes:
 - Puget Sound,
 - Wichita,
 - St. Louis

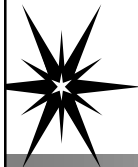






Organizational Structure

- **Enlist support at different organizational levels**
 - gain buy-in, ownership
 - provide open communication channels
- **Importance of strong executive support**
 - empowerment vs. threat
 - importance during resolution of issues
- **Set up to serve the operational (project) level**



Lessons Learned

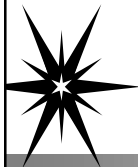
- **Host responsibilities**
 - Clearly state roles and responsibilities
 - Anticipated changes due to partnering
 - Boundaries, work statement
 - Selection process (multiple partners)
- **Responsibilities for mutual definition**
 - Goals, Expectations
 - Operational processes
 - Contract terms





Lessons Learned (contd.)

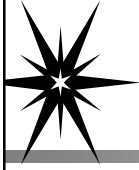
- **The role of competition within partnership**
 - Assuring competitive pricing
 - Friendly competition is healthy (between partners, host & partner)
- **Complimentary core competencies (vs. competing)**
- **Continuous improvement requires open, non-threatening environment**
- **Communication, communication**
 - Training programs
 - Regular, interactive meetings
 - Visible management support



Successes

- **Early involvement of both A&E and Contractor**
 - Best opportunity for savings
 - Constructibility/value engineering
- **Reduction of time required to start construction**
- **Quarterly evaluation**
 - Feedback for improvement
 - 360 degree
- **Sharing best practices (between partners)**





Does Partnering Save \$?

- **Typical marketing costs invested into partnership**
- **No remobilization costs (construction)**
- **Design fees per sq.ft. reduced \$3.00 - \$1.50 (on similar type T.I. work)**
- **Documented cost savings/avoidances**
- **No claims since March 1995**
- **Elimination of duplicate efforts**

