Managing Strategic Partnerships for Long Term Success

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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.
- Gossen Livingston
- LMN Architects
- Professional Engineering Consultants (PEC)

- Started August 1997
- Selection: core competency available resources

Carpet Partner

- Lees Carpets

- Started November 1997
- Includes:
  - Puget Sound,
  - Wichita,
  - St. Louis
Partner Selection Process

1. Good Idea for Partnering
   - Meets Criteria for Partnership

2. Study Team Developed
   - Develop "Situation"
     - "Target"
     - "Proposal"

3. Leadership Approval

4. Request Proposals
   - Prepare RFP

5. Define Evaluation Criteria
   - Identify Potential Candidates

6. Define Criteria for Selection (vision)

7. Review and Evaluate Written Proposals
   - Short List Candidates

8. Interview Short Listed Candidates
   - Select Finalists

9. Partnering Integration Team
   - P.D.C.A.
   - "CQI"

10. Develop Contracts
    - Develop Operational Level Expectations and Agreements
    - Develop Executive Level Partnering Agreement

Organization Structure - Boeing Model

Executive Partnering Steering Committee

Partnering Integration Team

- Project A
- Project B
- Project C
- Project D
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