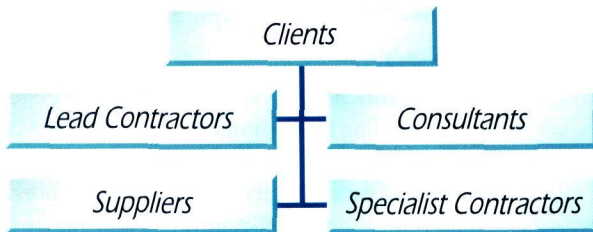


Partnering II

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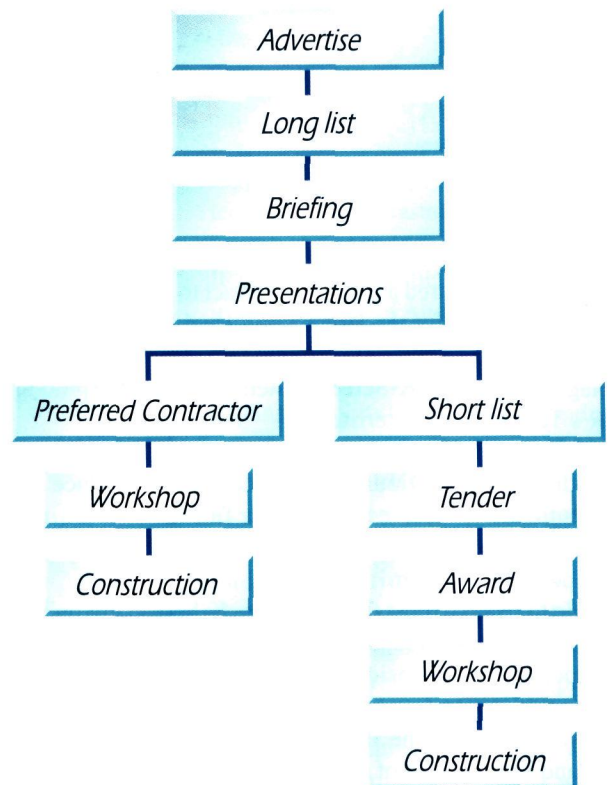
Successful partnering should seek to involve all of the above actors in the above supply chain. Partnering can be either project specific or strategic over many projects. For partnering to succeed a proper management framework must be established. Best practice will include partnering objectives in any initial tenders. It should then be applied throughout the supply chain as the above chart indicates. Partnering can be applied with any mode of procurement; eg lump sum, design and build, or construction management etc. Any form of contract can work with a partnering agreement although certain forms, such as the New Engineering Construction Contract are best suited because of the management focus in the form and the co-operative framework it promotes.¹

Selection of a Partner

Choosing a partner to work with is a longer process than ordinary tendering. It can be represented diagrammatically.²

The process above may be carried out for selecting all partners in the supply chain. Depending upon the nature of the client or employer a long list of possible partners may be drawn up based upon relevant criteria. Consultants too may be involved in this process. Alternatively invitations to tender could be advertised emphasising the partnering. Briefing may proceed

Partner Selection Process



in the ordinary way followed by presentations. Two alternatives then present themselves. Under the preferred contractor route a workshop is held with the contractor to gauge the project including design. Under the short list alternative, if design information is available, the tender may simply be let. Workshops are a key feature of partnering and are used in both routes. Carried out over one or two days they permit the partners to meet each others' key people, identify the issues together, teambuild and agree common or mutual objectives.

Contractual and Legal Issues

Partnering must be distinguished from both partnerships and joint ventures. Partnering agreements are like fiduciary

relationships. The parties agree to conduct themselves toward each other with very high standards of conduct. Terms often used in describing the relationships include good faith, fair, and co-operative. Partnering thus assumes a higher standard than under most other commercial relationships. The key difference in a partnering arrangement from both partnerships and joint ventures is the non legally binding character of the agreement. Thus, unlike a joint venture or partnership agreement, a partnering agreement is set out as a declaration normally by way of charter.

Model Partnering Charter

The partnering charter will typically address the following issues:

- Mission for the project
- Common goals or objectives
- Respective roles and responsibilities
- Problem solving and resolution processes

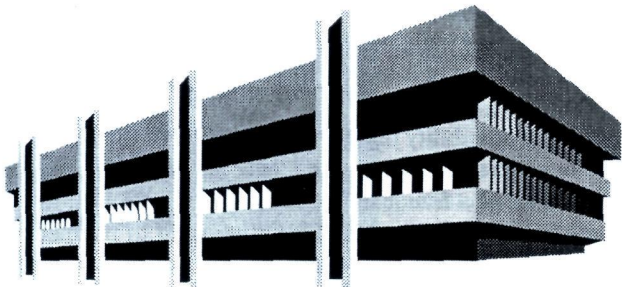
The charter will often look something like the following:

RCG Developments Ltd.

Development



Mannix Construction



Jonathan Lee	Anthony Au Hing
William Man	Simon Wong
Lee Tat Hung	Edward Russell
Cheng Siu Nam	Rana Aggarwal
Chan Pui Sze	

Partners on Hang Lung Development

Construct Hang Lung to satisfy all quality standards and to the mutual benefit of all the parties.

Jointly we will work together to achieve the following goals during the project:

- **Complete the works according to budget**
- **Complete the works on time**
- **Make Hang Lung a model development**
- **To maintain positive cashflows and profitability**
- **To set the highest attainable safety standards**
- **To work together in an open relationship based on mutual trust and co-operation**
- **To encourage cost savings**
- **Create efficiencies together**
- **Jointly work together to solve problems**

In summary interest in partnering can be expected to increase in both the public and private sector in situations where the partners perceive that working together will provide greater returns than working at odds.

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¹ See Sally Roe, *Partnering in Construction*, unpublished paper, Society of Construction Law, London, November 1995.

² Construction Industry Board, *Partnering in the Team*, A Report by Working Group 12 of the Construction Industry Board, 1997 p 4.