

Successful Community Outcomes through Partnering

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This Case Study:

This article outlines the partnering approach used by North Shore City Council, together with partners Bilfinger Berger Services and others, to ensure their service and project relationships are robust enough to deliver great community outcomes while working through challenges in a collaborative way.

The second part of the article outlines the partnering approach used by Council in the Rosedale Tunnel and Outfall Project.

The partnering relationships covered occurred during the period 2006 – 2010.

The North Shore City Council, Auckland region's northern urban council, has almost twenty years' experience with contracting out the operation and maintenance of its water supply, stormwater and wastewater networks and the wastewater treatment plant. Many lessons have been learnt along the way as different contractual models have been trialled with varying degrees of success. The current contract marks a significant shift in the areas of: contract duration, desired client/contractor working relationship, scope, technology utilised, information accessibility and levels of services. With the rapid rate of change in the industry, processes and practices are soon out of date. The contract seeks to have a strong continuous improvement focus. Benchmarking is used as a measure of relative performance.

Taylored Solutions Role: the approach used to structure and manage the relationships was provided by Gillian Taylor, who also facilitated the initial engagement leading to alignment and the charter. Gillian has played an ongoing role in helping with periodic relationship reviews and health checks.

Introduction to Partnering

A Partnering approach creates benefits for the Community as well as the partner organisations. This article provides examples of how North Shore City Council (NSCC) has gone beyond traditional contracts with its Service Contractors, Bilfinger Berger Services (BBS), and created a partnership where outcomes benefit everyone.

As well as using the partnering approach to ensure sustainability and success in its long term contractual relationships, NSCC has used the approach with great success to drive a one-off, large cost and high risk project; the Rosedale Tunnel and Outfall.

Partnering is not a magic solution and such relationships will still experience challenges, described by some in Council as 'niggles'. The single most important differentiator is that the partnering approach ensures such niggles are dealt with constructively and collaboratively and it provides a process for dealing with them.

This is quite a change from the old model where matters were contested, often ending up as a contractual dispute! The legal contract becomes more a reference document, with most problems being solved through agreement of the parties rather than contractual arguments.

The partnering approach used in both of the partnerships described in this article was facilitated by an independent partnership specialist, Gillian Taylor (of Taylored Solutions Ltd). It is designed to ensure shared understanding about, and alignment on, the following foundations for successful partnering:

- § **Why?** The purpose of the partnership, what the exchange of value will be, how it benefits each party, the shared objectives and priorities.
- § **How?** How the parties will engage to ensure they gain the expected value, roles and relationships, the support processes (e.g. for escalating problems) and the ongoing governance/review model.
- § **What is Success?** The success outcomes and performance measures; both operational performance (e.g. KPIs) and the Partnering Relationship Health.

In both cases the partnerships are underpinned by strong contracts with clear requirements.

With these foundations in place and working with a partnering approach, the Council and its partners have monitored and managed high quality outcomes for the North Shore Community.

NSCC BBS Service Partnership

The NSCC BBS journey together

The journey started in late 2006 when North Shore City sold its field service business, Techscape, to BBS and negotiated a five year services contract with provision for a further five year extension on meeting certain criteria. These extension criteria included the success of the partnership.

Council had decided to establish a partnering arrangement, with this specified in the Expressions of Interest (EOI) and the Request for Proposal (RFP) documents. BBS was selected in part due to its proven ability to work in a collaborative partnership.

The service agreement between NSCC and BBS supports North Shore City's '3 Waters' services – providing Wastewater, Stormwater and Water Supply services; and including the maintenance of the Rosedale Wastewater Treatment Plant.

The approach used was very effective and the transition from the Techscape business model to the new BBS contract was smooth as a result. BBS Australasian GM Public & Social Infrastructure, Dave Edwards, described this as “one of the most effective partnerships and best transitions I have ever been involved in – and I have been involved in quite a few!”

Approaching two and a half years into the relationship, the journey continues to be relatively smooth. There have been a few staff in each group who, at times, have slipped back into a more confrontational approach. Old habits die hard! These have not undermined the intent of the partnership in delivering service to the community.

The success of the partnership is attributable to the commitment of the individuals involved. Without their commitment to the vision and approach, the niggles could have easily become insurmountable problems.

Figure 1: Presentations at the Partnership Launch
Terry Coe on right with a) Geoff Mason and b) John Brockies (CEO NSCC)



What has been different about this relationship?

The differences are most evident in how the way the two organisations work together.

They started by spending time to ensure a level of alignment within the Leadership Team and then extended the focus to engage and align the Operations Managers and other key people in the wider team. This early effort has proven to be vital in setting down a solid foundation on which to establish the subsequent relationship.

To support the transition, a series of discussions were held for each area of the business, involving both NSCC and BBS Managers, to review and discuss the contract – and more importantly, discuss their interpretation of what it meant. This led to speedy identification of potential problems, allowing them to be resolved early in the relationship.

These initial sessions also ensured a level of shared understanding about the partnership and its aims for both organisations.

A key outcome of the sessions was the Charter, developed by the Leadership Team with input from the Operations Managers. This Charter was framed and signed.

Figure 2: Text from the NSCC BBS Charter

Partnership Charter

“Together we work as one, proudly delivering the best water services for the North Shore Community.

We recognize delivery of water services is critical to the overall success of North Shore City – its economic growth and community health and well-being”

Our success is reflected in the following:

- Our community has confidence in us
- We have a capable team which is easy to work with
- The service delivered is value for money
- We consistently improve what we do
- We have a healthy, safe workplace and protect the environment
- Our partnership is recognized as positive

Principles Guiding Our Partnership

Everything we do is guided by the following:

- Safety, quality and the environment are paramount
- Innovation will drive ‘best delivery’
- Strong commitment to best practice in customer service
- Investing in people to progress and deliver
- Communication at all levels is respectful and open
- We are a team, not individual players

While carefully crafted documentation describing how the partners intend to engage will provide a crucial starting point, it will not have any real impact if the parties to the contract do not buy into the process and 'live' the principles.

There is no such thing as an off the shelf partnering agreement, ready for the parties to sign and get going. Cultures and behaviours, especially those formed over long periods, do not miraculously change because of a piece of paper and a couple of workshops. It requires genuine commitment and ongoing engagement to re-enforce the intentions.

The ongoing relationship between NSCC and BBS is governed through regular Leadership Team meetings, supported by an Operations Review Group. The latter involves all of the Business Area Managers from both organisations who meet quarterly to review and monitor progress and improvements.

The Organisations share information about their strategies and plans. This helps everyone to understand each other's different perspectives and drivers, and strengthens the foundation on which they work together for shared outcomes.

Though many traditional contracts involve regular meetings of key people, they are often primarily outcome and performance focused. By contrast, the NSCC-BBS forums spend time focused on the delivery against their charter, resolving relationship 'niggles' and progressing new ideas and innovation to improve the service delivery.

As described by Terry Coe, the BBS NZ Operations Manager, "it is all too easy for people to put the effort in up front, then sit back and just assume its all fine now". Instead, the difference in a successful partnership is that "we kept up the involvement and interaction" and the Leadership Meetings were "driving the objectives to meet both organisations' needs, as the partnership has got to deliver for Council and for BBS."

To provide perspectives on the health of the relationship, and ensure all key people have a 'voice' in the partnership, the Taylored Solutions Partnership Evaluation survey was run. Early on in the relationship this was run twice per annum and ensured the health of the partnership was monitored during the transition. The frequency then dropped to once per year.

The most significant thing this survey shows is the trend in 'positivity' of the relationship. The positivity is presented as a % Partnership Positivity Indicator (PPI). While it is common to see reasonably successful partnerships with PPI around the late 60% – late 70% mark, the NSCC-BBS relationship PPI has shown a steady rise, starting around 70% and in the most recent surveys consistently rating 85 – 87%.

With this being a five year contract with a further five year extension by agreement, it would be all too easy to allow the contract terms, conditions and processes to remain unchanged for this duration and thereby allow the two parties to fall behind on the significant advances and changes in the industry - something that had marred the previous maintenance contracts. To avoid this risk it was always envisaged the contract would need to ensure a strong culture of continuous improvement.

The first year of the contract saw considerable effort going into establishment and transition. This effort included aligning manager's understanding of the contract, ensuring processes worked, and the largest challenge, ensuring electronic data transfer between BBS and NSCC systems.

Figure 3: Demonstration of BBS Mobile Field Computing systems at the Partnership Launch



One year on, the value delivered

After twelve months most of the issues had been resolved so the focus in the second year moved on to innovation and process improvement. The approach taken to innovation and improvement evidences the partnership principles and collaborative approach. Joint 'contract improvement' teams have been pulled together to work on improving the way the partners collectively deliver service. Participants are actively involved in finding new ways to work smarter together and achieve improvement targets. They all report back on progress and jointly celebrate and acknowledge the achievements.

As well as achieving improvements sought, managers have commented "It is amazing how getting the two parties to work jointly on a common goal has strengthened the relationship. The camaraderie has permeated back into the day-to-day relationship, and there is a much better understanding of each other's roles."

That is not to say the relationship is perfect. As indicated earlier there are niggles, and personality problems are bound to arise whenever more than two people work together! Once again the difference is in how these are managed. The approach is always constructive and led by managers of both organisations to demonstrate their alignment and commitment to resolving problems constructively.

An example of this was a situation in which both parties agreed to make personnel and structural changes to resolve a challenge. In similar situations in more traditional relationships the 'client' company has generally pushed the problem back onto the 'contractor' as their responsibility to resolve, rather than acknowledging they too have to make changes to resolve it.

The philosophy of the leaders is that partnering does not mean you can ignore hard outcomes and service standards required by the contract – it is just about how you manage the relationship and the behaviours that lead to successful outcomes.

The team members are working effectively and living by the principles they agreed. They cite examples of problems with pressurised water pipes (rising mains) where both Council and BBS staff worked together and contributed to finding a solution.

In their commitment to Customer Service they have many examples where they have collectively gone beyond the call of duty (and contract requirements), one being the removal of a dead tree for a customer.

To sum up, in the word of NSCC's Water Manager Steve Singleton, "The experienced contract managers amongst you will ask; is this not a sure recipe to allow the contractor to slowly increase their costs and improve margins? After all, once the contractual competitive tension has been removed and the partners work closely and amicably together, will this creep go largely undetected? In our case, time will tell, but currently the contract is within budget and the agreed contract price. Through joint reassessment of the specifications and schedules, costs have actually been reduced in some areas."

Conclusions from the Leaders

The senior leaders at NSCC and BBS were asked for their conclusions and observations.

Dave Edwards, the BBS Australasian GM Public & Social Infrastructure, made the observation that there is "genuine respect at all levels" within this partnership, which is something he has not seen as evident in some other partnerships.

He pointed out partnering is not something BBS 'does' – it is simply the style or approach they take in all business they do, regardless of the contract structure and style of the other party. This philosophy flows through their business to their suppliers and others.

For Geoff Mason, the General Manager of Infrastructure Services at NSCC, a strong driver for the partnering or 'relationship contracting' approach is "It ensures greater value is delivered for the community. With Council bundling work into a package that is attractive for the Service/ Contracting firm, it creates a situation where investment by all is worthwhile."

The overall value for Council in this approach is improved customer satisfaction, better asset lifetime value and reduced costs. Feedback from the community, both formal and informal has been positive.

Service and long term stability are critical outcomes – the more important these are, the more it leads to a higher investment in relationships.

The partnership, in Geoff's words "provides a vehicle to work on issues together". Rather than the traditional model where one party is subservient "this evens it up and gives opportunities for others."

While there is some time and cost associated with meetings and workshops to establish and run the partnering approach, this is not significant from the senior management perspective and is viewed as a positive opportunity to get involved with the team.

Some other key points Dave and Geoff highlighted:

- § The foundation and process used in establishing the partnership was critical to the success, not just because it led to a Charter document, but it created a dialogue in which expectations and desires were shared.
- § There was a genuine commitment to regularly rejuvenate the relationship through reviews, joint team meetings, annual reflections and so on.
- § Objective monitoring of the partnership through the surveys helped identify perspectives and issues. The steady improvement reflected in the survey results, along with managers making improvements in response to these perspectives, helped sustain team motivation.
- § The joint innovation and contract improvement programme removed barriers and allowed the teams to work as teams and colleagues jointly resolving issues and problems created a respect and bonding.

They also noted both partners are committed to a smooth and hassle free transition into the upcoming new Auckland super city structure, and they are embracing the opportunity to collaborate more broadly with others.

The future

The future of North Shore City and the Auckland region overall is being shaped by the change to an amalgamated Auckland City.

In the Water Services area this will involve the consolidation of the water supply and wastewater services of the current Council services under Watercare Services with stormwater becoming a responsibility of the new Council.

The North Shore City Council and Bilfinger Berger Services team are working toward this change in a manner consistent with their partnering and collaboration philosophies. They have, for example, started to include Watercare as well as other Councils in their planning and transition work.

Rosedale Project Partnering

North Shore City Council and its local community have benefited from a partnering approach in more than just the long term 'service' relationships Council manages. They have also benefited from successful 'project' partnerships, such as the large and complex Rosedale Tunnel and Outfall Project.

This is a significant project, costing Council in excess of \$100m, involving engineering and construction companies and taking over three years to deliver. Started in August 2007, the project is progressing well to achieve its 2010 completion target.

The project faced enormous engineering challenges as it tunnels for 3 kms and has a further 2 km stretch of pipeline buried on the sea floor.

In the traditional contract approach, such a project would typically become quite adversarial thus reducing the focus on outcome value.

To avoid any unnecessary aggravation, cost and risk, Council recognised a different approach would be needed to better suit their desire for an innovative, collaborative project with outcomes all parties will be proud of.

What was done differently?

Well firstly – even before the interactive tender process commenced – Council and its engineering partners, AECOM, held a partnering and innovation workshop with the three shortlisted candidates. This independently facilitated session ensured core principles and objectives were understood. It also provided candidates an opportunity to share views about what they would expect from Council, as well as what they would contribute, were they to be successful.

The subsequent Interactive Tender Process led to the engagement of McConnell Dowell as the project partner.

Once McConnell Dowell was confirmed, a Partnering Establishment process was run in parallel with the project set-up. Some of the main features of this process were:

- § The partnership included representatives of all the main players, these being Council, AECOM, McConnell Dowell and their design partners, Connell Wagner (now Aurecon).
- § It started with ensuring the senior leadership alignment and sponsorship. Specifically, working on alignment of expectations and intentions; developing a vision and some guiding principles to guide everyone involved. They also ensured appropriate problem escalation and resolution processes were in place.
- § The wider project team was engaged in reviewing and refining the project vision and what the principles meant to them, that is, what they would be doing when they were working in accord to the principles.
- § The resultant vision and principles were developed into a Charter that was signed and became a visual reference point all of the team had involvement in creating and designing.
- § In addition, the principles were each produced on A4 sheets to be visible on meeting room and site tea-room walls, etc, as a prompt.
- § Finally, and importantly, a partnering governance and review process was put in place that included regular meetings of all key people to review progress. These reviews go beyond operational progress and also monitored performance against the Charter.

In the last 18 months, the challenges faced have been considerable from an engineering perspective. Rather than key decisions being taken arbitrarily, the team has embraced the partnering approach and dealt with problems collaboratively to find more innovative solutions.

Senior leaders have demonstrated commitment to the partnership and continue to meet on a regular basis to deal with any escalated issues and to monitor progress and the partnership health.

Figure 4: The Rosedale Project Charter



Perspectives of the Participants

The governance and management of the project is based on a three tier model – with key people taking Sponsor, Programme and Project Management roles. These groups are the leaders and provide guidance and direction to the project teams.

In reflecting on the project and its success to date, the three groups have each provided different perspectives.

Sponsor Perspectives

The Sponsors all have a similar perspective in their view that the partnering approach genuinely adds value for all of them, and highlighted that the partnering approach used for this project helped ensure greater value was delivered for the community.

The Council perspective is the project is better able to deliver asset lifetime value, reduced costs and improved customer satisfaction through its approach.

While there were complex and diverse technical challenges, these were discussed and resolved collaboratively.

Some key points noted by Colin Newton, the Sponsor from Engineering firm AECOM:

- § Some people appeared sceptical at first but engaged well and were happy with the benefits of this approach.
- § Having the partnership can be a basis for reminding people of their shared intentions, which Colin describes as “like putting ‘cold water on a hot fire’ ” in that it makes people take a step back, a deep breath and then move forward.
- § Makes the job easier for everyone as it is amicable and relationships on site are good.
- § Formal structure to the partnering makes a difference. Normally executives in a project would not meet. The regular meetings keep them up to date and ensured a mutually beneficial project.

From the McConnell Dowell perspective, Roger McRae adds:

- § Given the breadth and complexity of challenges, the Charter established as a base at the beginning has served well as ‘the glue that binds us’. While it is about people, it also helps to establish at the start how the partnership will operate as it is hard to change people's mind-sets in mid-project.
- § Executive relationships served the project well. All key people were fully involved, held open dialogue and demonstrated genuine commitment. This was the case at all levels.
- § The biggest benefit of partnering is improved communications. If people withhold information it can sow the seeds of mistrust.
- § The Sponsors investment of time is not huge, but even if it were greater it is worth every minute. Roger states that “Frankly, anyone who is too busy for partnering has their priorities wrong.”

Programme management

The team at this level has significant involvement in the project, but not full time on a day to day basis.

Most of this team agreed the partnering approach has benefits for any project, even smaller ones, and it can save 10 -15% of project costs, but noting for other participants the benefits were less clear. They suggested that perhaps the partnering process is like having a flu jab – it can cause some pain doing it but is preventative and forces people to talk more about matters.

To some extent the Programme Managers consider partnering as an approach that overcomes some of the shortfalls in the conventional contract approach. It was also noted though, “no amount of partnering can change the contractual power dynamics” and this can have an impact on the relationships and behaviours.

Some key things they feel have contributed to the success of this project partnership include:

- § There were benefits from initiating the partnering prior to the contract being awarded.
- § Personal commitment by everyone – and having senior Council people with a genuine belief in the value.
- § People working to the agreed vision and principles (though naturally performance is stronger on some principles than others).
- § The three tier approach to partnering meetings helps keep focus on issues and resolving them faster together.
- § Understanding was gained through more open communication, which meant the contractor did not have to guess what was wanted.
- § Strength of the partnership comes from the strength of individuals and their relationships.
- § Continuity of key people throughout the project also helps.

They consider there is a different mindset needed for partnering, and Michael Buckland, from McConnell Dowell said he feels NSCC are “both enlightened and commercially astute in taking this approach to doing things.”

The project partnering approach provides benefits to all parties to the contract; it encourages active communication and free exchange of ideas towards the mutual understanding of each others goals and problems. It goes a long way towards fundamentally changing the culture of the project and attitude away from the traditional adversarial contract model. John Cooper of AECOM, the Owner’s Engineer for the project, did note “Engineers often like the traditional approach as it gives them a sense of power” and that while the partnering approach can make it harder for the Engineer, he personally “would not be working on the job if it wasn’t a partnering approach.”

Providing a different perspective, Adrian Vosloo, NSCC, suggests he is not sure it is essential to have a formal partnering process to achieve the results “as long as the right attitudes and people are involved.” Having said that, he also feels the formal approach can be useful in it “allows parties to understand the business needs of each other, and does allow issues to be discussed that otherwise might not be.”

Dave Woods from NSCC summarises “We increasingly use relationship contracting because we get better results, and we do work hard to meet each other’s needs.”

The partnering approach means “Parties get contributions from each other to clarify options, and we may debate ideas, but at the end of the day the decisions rest with the party responsible and the contribution, discussion and debate just helps ensure we get the best possible outcome. This worked particularly well for this challenging Design-Build contract.”

Project management

The perspectives of the project managers reflect their role in providing the interface for the practical 'guys on the ground'.

The view of McConnell Dowell's Project Manager, Greg Wichman, that "the personalities and individual relationships are the key to success, and that while the groups have different agendas they understand each other's objectives" is endorsed by the other Project Managers as being core to success. The particularly strong relationships at the Project Management level between McConnell Dowell and Councils Engineers AECOM is a major difference and provides a good role model for the wider team.

The partnering approach is seen as a way to accelerate the relationship and set the scene. It is not necessarily visible to most of the team that there is a partnering relationship, and it is only really the foremen and managers who notice the difference in their positive experience of the relationship.

Most of the partnership principles are seen in action throughout the team, although some have been more challenging to embed than others.

While the Project Managers consider it hard to measure or prove the value of the partnership, they all feel the benefits are evident. In comparing it with a previous project where "everything worked well, until serious issues arose" Lalith Fernando, from NSCC, said "the fact the senior team meet regularly means issues can be resolved quickly" as compared to the previous project where "senior managers took longer to resolve the issues as they hadn't met as regularly" and hence were less up to speed with progress.

As AECOM's site representative, Bryan Smith comments, the partnership "Gives senior people an excuse to meet without waiting for something to go wrong."

These benefits of the partnering can only really be measured by avoided costs. While the positive team environment helps to make the project run more smoothly, even that is hard to measure.

The bottom line for Greg is getting rid of the risk of disputes, and the partnering project approach has generally done this.

And the outcomes for the community?

The following are the key outcomes for the community:

- § cost effective project:
 - Low project 'dispute' costs
 - Efficient use of resources
 - Minimal waste time;
- § minimal disruption to community as a result of underground tunnelling;
- § completion targets expected to be achieved; and
- § a quality asset which has additional potential capacity for future needs.

Figure 5: Official Opening of the Rosedale Tunnel and Marine Outfall, 16 August 2010.
Dave Woods and Gillian Taylor with North Shore City Mayor Andrew Williams

