

## **Project partnering - *destructive conflict avoidance***

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*Various problems in the construction industry often escalate into destructive conflict. This, in turn, leads to disrupted schedules and costly litigation, thereby seriously affecting the achievement of project success in terms of the time, cost and quality triad.*

Project managers however, concentrate on conflict resolution instead of avoiding destructive conflict on projects. This can be attributed to ignorance regarding an effective method to avoid the occurrence of destructive conflict on projects.

Research was undertaken to test the adequacy of the project-partnering concept applied on a project to avoid destructive conflict, and to present this concept to project managers for successful implementation on projects.

Before describing how the occurrence of destructive conflict on a project can be reduced by the application of the old-new technique of project partnering, it is meaningful to first review project success, destructive conflict and destructive conflict resolution. The project partnering concept, its implementation on a project and the results obtained therefrom are then discussed.

### **Project success**

The primary product of the construction process is a completed facility. To complete this product requires that the basic functions of planning, programming, budgeting, construction, etc, be performed successfully. This leads to the involvement on the project of a variety of designers, engineers, tradespeople, technicians and other specially trained and educated professionals, whether actively involved or in a supportive role. These parties are all affected and potentially put at risk during the execution of the construction project. Referred to as the project stakeholders, their common goal is the successful completion of the primary product.

For the project stakeholders to achieve their goal, they have to fulfil the various fundamentals for project success within the restrictive project parameters of time, cost and quality. This has to be done in an environment free of disruption caused by destructive conflict.

### **Destructive conflict**

Construction volume and complexity is continually increasing. This, coupled with ever-tightening deadlines and stricter cost budgets, increases the potential for disagreement and disharmony amongst the project stakeholders striving to achieve the fundamentals for project success. This *disagreement and disharmony*, referred to as *destructive conflict*, impedes the successful completion of the primary product and therefore negatively affects project success.

In attempting to resolve destructive conflict the concept of outside, third-party decision making has been embraced.

Various conflict-resolving methods are being implemented on projects, and some methods are included in the standard contract agreements in use in the industry. These methods include the concepts of mediation and arbitration, however, the most frequently used is litigation. Implementation of these methods adds

significantly to the project budget and often has a damaging, negative influence on projects, with no added value to the end product. The nominal winner is often a real loser in fees, expenses and waste of time.

To avoid this damaging, negative influence on projects, disputes must be settled before they erupt into destructive and costly conflict. This can be achieved by synergistically applying the project stakeholders' combined talents, training and education, providing a powerful tool for improving working relationships and subsequently avoiding destructive conflict and the resolution thereof by third-party involvement.

### **Project partnering**

The old-law technique of project partnering involves the synergistic application of the project stakeholders' combined talents and their training and education, therefore providing a method of applying project-specific management without the need for unnecessary, excessive and/or debilitating external party involvement.

The implementation of partnering methods ultimately leads to formulating and implementing explicit goals and objectives, which provide a basis for the operating system from which the project is being managed and constructed.

Despite various other expectations, a partnering system in this context should create a basis for the use of relatively inexpensive, quickly formulated methods of dispute resolution, to encourage the conduct of business with minimal disputes and to avoid destructive conflict.

### **Real-time project partnering**

To test the expectations from a partnering system the technique was applied to a specific project, and the results obtained analysed and compared with those from a similar project where the technique was not applied.

#### **Criteria**

Certain criteria were set to ensure the validity and reliability of the exercise and its results, the most important being:

- The same project manager manages both projects, however with different project teams.
- The project manager is fully acquainted with project partnering and the implementation thereof on construction projects
- The project stakeholders of the project to which project partnering is being applied want the project to be successful and are willing to co-operate with the partnering concept.
- The two projects subjected to the research exercise are compatible in terms of design, specification, programme, budget and tenant requirements.

The contractual relationship between the contracting parties is not arranged by the New Engineering Contract (NEC). This contract forces the participants to operate in a spirit of mutual trust and co-operation, all based on the "Constructing the Team" report issued by Sir Michael Latham in July 1994. However, this may relate in various ways to the ideas behind the project partnering concept, and therefore the application thereof is concerned with the voluntary co-operation of the contracting and related parties by committing themselves to common pre-established goals.

#### **Building the partnering system**

In building the project partnering system for the chosen project the following four components of the system were developed during a partnering charter meeting, arranged specifically for this purpose and attended by the project stakeholders. This meeting formed the basis and starting point for the implementation of project partnering on the chosen project.

#### **Component 1:**

A formal, though short and easily understood mission statement for the project.

The project mission was stated as follows: "As a team, we commit to provide a quality facility on time and within budget, in the process maximising communication and avoiding destructive conflict by working together in a trustworthy and professional manner".

### **Component 2:**

A project charter to which the project stakeholders were willing to become signatories.

The project charter was successfully developed with the main objectives identified as:

- Maintain an effective communication system
- Proper administration work
- Implement, agree and manage the project programme
- Prepare and implement an effective alternative dispute resolution system
- Effective budget and cost management
- Proper site administration
- Implementation attitude
- Payment procedure and system

These objectives are all to varying extents inducements for destructive conflict and should therefore be managed and effectively implemented by the project manager and stakeholders to ensure achievement of the project mission.

The charter was signed by all project team members and stakeholders as confirmation of the exercise and their willingness and unqualified intention to co-operate with the partnering system throughout

### **Component 3:**

An effective project partnering evaluation system

Once a mission statement and project partnering charter for the project were established, a project partnering evaluation system was developed and implemented by a special task force selected from the project stakeholders, with the sole purpose to periodically monitor and evaluate the project partnering performance. This was to enable stakeholders to determine, analyse and communicate project performance trends. They could then correct the analysis to management actions that improve the project. It was critical to the desired results of the partnering effort to ensure that an effective evaluation system was established soonest to monitor and focus the partnering effort throughout the project.

### **Component 4:**

A dispute resolution system that was acceptable to the project stakeholders

The system was structured to achieve a private settlement or resolution of a dispute by the parties to the dispute themselves, without using binding adjudication procedures. The system was defined and established by a special task force selected from the project stakeholders. The system is structured into sequential progressing steps, starting at step 1, prevention, and ending at binding third-party involvement. Although prevention was the target, the system had to make provision for the undesired.

### ***Evaluating the project partnering results***

In evaluating the results obtained from the application of the project partnering concept on this project, the objectives as set in the project partnering charter were used as the basis to determine whether the primary desired result, i.e. destructive conflict avoidance, has been achieved. The results obtained were then compared with the results from the project to which partnering has not been applied to

determine whether the project, to which partnering has been applied, has achieved better results through the avoidance of destructive conflict. In comparing these results the objectives set for the project to which partnering was applied were used to evaluate results on the project to which partnering was not applied.

In doing the final evaluation, it was confirmed that the project to which partnering has been applied, was completed with the full co-operation of the signatories to the project charter, performance was periodically evaluated and any disputes have been resolved internally.

A special task force of evaluators for each project conducted the evaluation. The task forces consisted of the project manager and three members chosen from the professional teams of each project.

The result of each objective was evaluated against a predetermined five-point scale of performance quality, ranging from worst to best possible performance. In processing the results the arithmetic of each measurement was calculated and interpreted according to the scale of performance quality.

The results achieved confirmed that the expectations from implementing project partnering on a project have been achieved.

All project objectives, on the project where partnering has been applied, reached arithmetic mean values of between 4 and 5 on the scale of performance quality. The arithmetic mean calculated of the arithmetic means for each objective, 4,38, indicated best possible performance. None of the objectives, however, reached a value of 5.

The project mission with the aim of avoiding destructive conflict, was expressed as a percentage, 87,6%, achieved.

As a further test, the results were compared with those of a similar project to which project partnering had not been applied. The arithmetic mean calculated of the arithmetic means for each objective, 2,84, indicated average performance, a moderately competent achievement. Expressed as a percentage, the project to which project partnering was applied thus performed 54,25% better in terms of the project objectives which are all inducements for destructive conflict, than the project to which project partnering has not been applied. The implementation of project partnering on a project leads to considerably better project performance compared to projects where it has not been implemented.

It is concluded that project partnering is a useful and proactive concept of approaching and managing the project. It does not completely avoid conflict, but to a great extent reduces the possibility of disputes erupting into destructive and costly conflict.

It therefore contributes to achievement of project success in terms of the time, cost and quality triad, therefore adding value to the project.

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