

Partnering for Success



**A Blueprint for Promoting
Government-Industry
Communication & Teamwork**

Introduction

“Sharing knowledge through mutual trust and honesty made Partnering the most rewarding experience of my professional career.”

**—Susan Pearson
Contracting Officer,
U.S. Army Communications-Electronics Command**

The goal of the AMC Partnering Program is to promote government-industry communication and teamwork throughout the acquisition process by implementation of a “Model Partnering Process” for AMC. Partnering is an essential component of the AMC Alternative Dispute Resolution Program, aimed at avoiding contract disputes before they impact contract performance. ❖

“Partnering has improved our program by expanding open communication. Changes and improvements have been much easier to incorporate as a result of Partnering.”

**—Bill Reynolds
Lead Contract Manager,
Armored Security Vehicle Program,
Textron Marine & Land Systems**

“Partnering is a natural extension of the Integrated Product Team concept. It provides a flexible framework for government and industry team members to work together to solve problems and informally resolve disputes. This helps reduce program costs and speeds the fielding of Army equipment.

To paraphrase the late, great Vince Lombardi—Partnering isn’t everything; it’s the only thing.”

**—Honorable Gilbert F. Decker
Assistant Secretary of the Army (RDA)**

“Accomplishment of AMC’s mission depends on our ability to work effectively with our partners in industry. Partnering helps us to do this successfully and deliver the very best products to our ultimate customers—the soldiers.

**General Johnnie E. Wilson
Commanding General,
Army Materiel Command**

“I have seen Partnering used successfully in many of our most important procurements. It is an exceptional tool that helps keep complex programs on schedule and within budget.”

**—Dale G. Adams
Principal Deputy for Acquisition,
Army Materiel Command**

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Background & Definition

Too often the acquisition process is undermined by adversarial relationships, suspicion between the government and industry, volumes of paperwork and costly litigation. We can no longer afford to do business in this manner. This Guide provides the acquisition community with a tool that can maximize the potential for achieving contractual objectives. This tool is called Partnering.

Partnering is a commitment between government and industry to improve communications and avoid disputes. It is accomplished through an informal process with the primary goal of providing American soldiers with quality supplies and services, on time, and at a reasonable price.

Partnering has been used successfully for many years in construction contracting by both industry and the U.S. Army Corps of Engineers. The AMC Partnering Program has significantly expanded the application of the Partnering process to research and development, materiel acquisition, base operations, and engineering and support services contracting.

“Through the implementation of the Partnering process, we were able to preclude a recurrence of the performance and schedule problems that we had repeatedly experienced in the past, while also eliminating claims and litigation.”

**—James Ott
Director of Public Works,
U.S. Army Communications-
Electronics Command**

Partnering constitutes a mutual commitment by the parties on how they will interact during the course of the contract, with the primary objective of facilitating improved contract performance through enhanced communications.

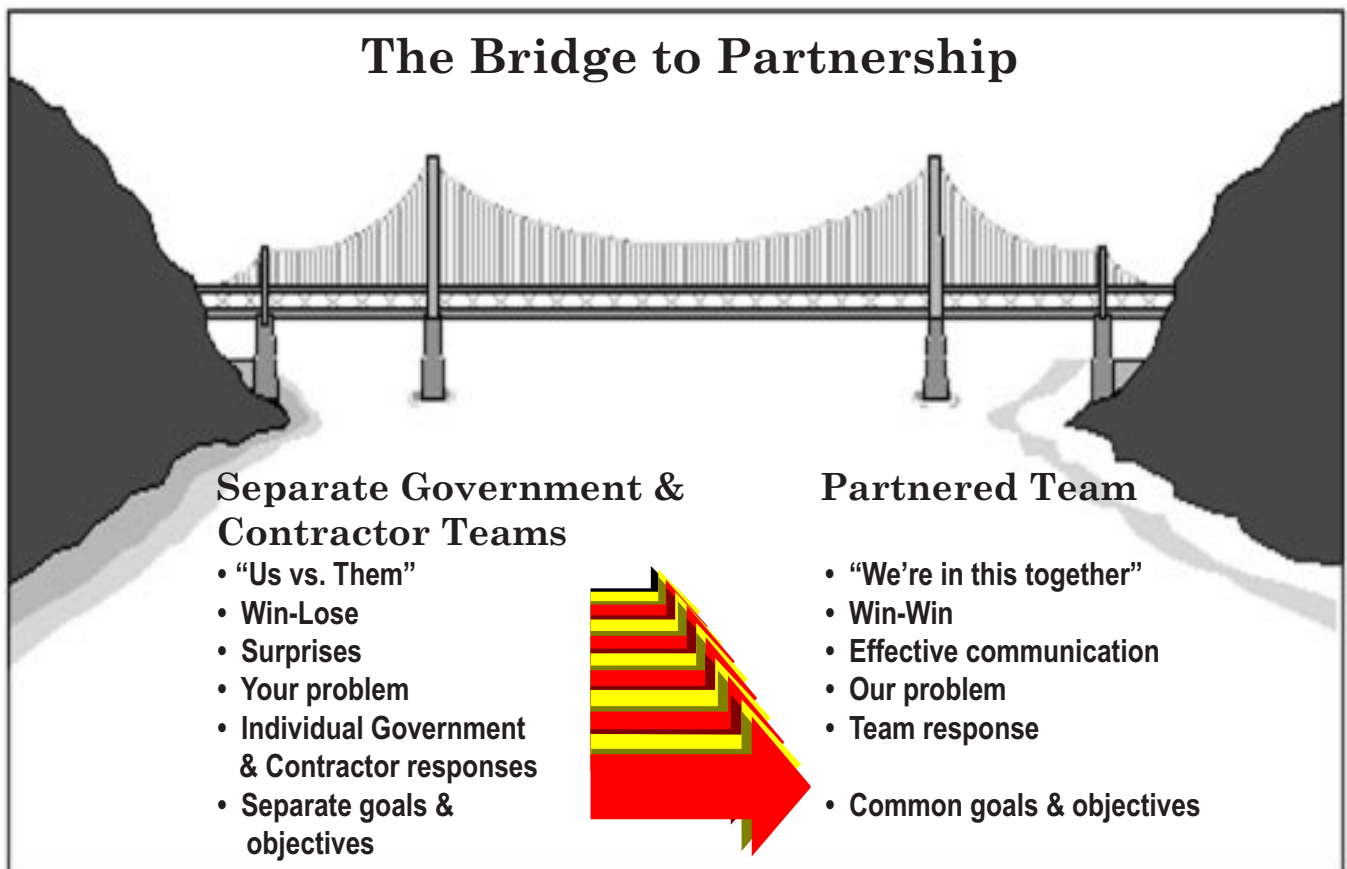
Partnering is primarily an attitude adjustment where the parties to the contract form a relationship of teamwork, cooperation, and good faith performance. Partnering requires the parties to look beyond the strict bounds of the contract to develop this cooperative working relationship which promotes their common goals and objectives.

The Partnering philosophy is not unique. It is similar to picking a partner at the office picnic and entering the three-

legged race. The partners have their legs tied together and know that to win the race they must reach the finish line; however, if they run in different directions, do not start at the same time and on the same leg, or do not hold each other up and keep each other out of potholes on the path to the finish line, neither will finish successfully. Similarly, government and industry must work together, communicate their expectations, agree on common goals and methods of

performance, and identify and resolve problems early on—or risk bringing both partners to the ground.

Eliminating long-standing adversarial attitudes requires more than simply advocating a new philosophy. That is why this Guide provides a model process which should be followed in order to achieve the many substantial benefits which result from Partnering. ❖



Benefits of Partnering

Partnering establishes mutual goals and objectives

This avoids the “us vs. them” mentality that often characterizes government-industry relations. Finding common ground in mutual goals and objectives, the parties soon realize that they’re “in this together” and that success is dependent upon their commitment and ability to work as a team.

Partnering builds trust and encourages open communication

At the beginning of their contractual relationship, the parties establish communication channels designed to promote openness, trust and efficient contract administration.

Partnering helps the parties eliminate surprises

Increased communication on various subjects means that the parties are less likely to be surprised by events that occur during contract performance. Surprises result in schedule delays and additional costs, often leading to disputes and litigation.

Partnering enables the parties to anticipate and resolve problems

The partners proactively anticipate problems and design an Action Plan addressing how those problems will be jointly identified and resolved or avoided. They recognize that problems will occur during contract performance and that the existence of these prob-

“Partnering cuts decision time, which means money, especially to the small contractor.”

—David T. Morgan, Jr.
Vice-President/General Manager,
Valentec Systems, Inc.

lems does not mean that their relationship has failed.

Partnering avoids disputes through informal conflict management procedures

At the outset of the relationship, the parties determine how they will manage any conflicts that might arise. This is often accomplished through a Conflict Escalation Procedure. This procedure identifies the roles and responsibilities of the individuals from both government and industry and provides for the automatic elevation of issues through several organizational levels to avoid inaction and personality conflicts.

Partnering avoids litigation through the use of Alternative Dispute Resolution

The commitment to resolve disputes informally at the earliest opportunity minimizes the necessity for litigation in administrative and judicial forums. Avoiding the considerable expense and delay attributable to litigation frees the Partnering participants to concentrate their efforts on successful and timely contract performance.

Partnering reduces paperwork

When the parties focus on contract performance rather than case building and “documenting the file,” paperwork can be, and has been, significantly reduced.

Partnering reduces the time and cost of contract performance

By establishing open communication as a guiding principle, parties to Partnering arrangements have found that issues are raised, discussed and resolved more expeditiously. This enables the partners to meet or exceed contractual schedule requirements and avoid costly mistakes or rework.

Partnering reduces administration and oversight

With increased communication and empowerment by senior management, the partners find a significant reduction in the need for layers of administration and oversight.

Partnering improves safety

Taking joint responsibility for ensuring a safe work environment for contractor and government employees reduces the risk of hazardous work conditions and avoids workplace accidents.

Partnering improves engineering efforts

Daily engineering activity, as well as the formal value engineering process, are streamlined through the application of Partnering principles.

“Partnering has replaced finger-pointing with teamwork.”

— Dr. Daryl R. Kendrick
Program Director,
Lockheed Martin Ordnance Systems

Partnering improves morale and promotes professionalism in the workforce

The Partnering process empowers the parties to work together towards common goals. This creates a uniquely positive outlook and motivation to personally contribute to the team’s efforts.

Partnering generates harmonious business relations

Enhanced communication, the identification of shared goals and objectives, the recognition that problems will arise, and the agreement to address those problems through a specially-designed procedure will facilitate creating and maintaining harmonious business relations.

Partnering focuses on the mutual interests of the parties

Rather than the parties individually developing positions on issues, Partnering engenders a team-based approach to issue identification and problem resolution, which is focused upon the accomplishment of the parties’ mutual objectives. ❖

Partnering is *Not*:

Mandatory

Although the Partnering process benefits both government and industry, it is not mandatory. The ADR philosophy and the Partnering process require a personal commitment to a different kind of relationship—one that is based on both a cultural adjustment and “outside the box” thinking for which voluntary acceptance is imperative.

A panacea

Partnering will not prevent all problems in every contract. There may be some issues that must be litigated.

A one-way street

Partnering cannot work if both parties continue to adhere to the “us vs. them” mentality or do not approach contract performance as a team. The partners’ focus must be on the achievement of mutual goals and objectives through the creation of a “win-win” relationship.

Successful without total commitment

Senior management within government and industry must truly believe in and become advocates for the Partnering process. Partnering involves hard work and a willingness to accept the risks and uncertainties inherent in trying something new.

A waiver of the parties’ contractual rights

Partnering is not a contractual agreement and does not create, relinquish, or conflict with the legally binding rights or duties of the parties.

Inconsistent with any acquisition-related statute or regulation

There are no statutory or regulatory barriers to adopting the Partnering philosophy or process.

Contrary to the government’s business interests

The goal of the acquisition process is to provide our soldiers with quality supplies and services, on time, and at a reasonable price. Partnering maximizes the potential for meeting that goal. ❖

“Partnering is the cornerstone of AMC’s Alternative Dispute Resolution program. By avoiding costly, time-consuming, and unpredictable litigation, it allows government and industry managers to maintain full control over their business decisions.”

**—Edward J. Korte
Command Counsel,
Army Materiel Command**

“In an era of diminishing resources, Partnering is a smart business strategy. The time that contracting officers and program managers invest in improving communication with their industry partners yields big dividends in better contract performance.”

**—Gary A. Tull
Assistant Deputy Chief of Staff for
Research, Development & Acquisition,
Army Materiel Command**

Important Elements of Partnering

In order to make the Partnering process work, it is imperative that government and industry reduce non-productive effort and focus on improving contract performance. The following elements are critical to this process:

Preparation

The participants must understand what Partnering is and truly believe that the current contracting process can be improved by a new way of doing business. Partnering will only work in organizations that are culturally prepared to accept change. They must recognize that the up-front investment in preparing to partner will yield significant benefits throughout contract performance.

Commitment

Senior managers within both government and industry must be actively involved while clearly and continually demonstrating their support for the process. Additionally, the participants in the Partnering process must have an unwavering commitment to it and the open communication that is its hallmark.

Inclusion of appropriate parties

In order for the Partnering process to work, everyone who can impact the performance of the program must be involved. The partners must carefully choose which organizational elements will be represented as well as which specific individuals should participate.

“The worst that can happen is we end up doing it the way we did it before.”

—Marshall Collins
Chief, Rocket, Mortar &
Pyrotechnics Branch,
U.S. Army Industrial Operations Command

Strong consideration must be given to the participation of major subcontractors, user representatives, and contract administration personnel whose involvement in the Partnering process may be essential to successful contract performance.

Clear definition of roles

Participants in the Partnering process must fully understand and accept their specific roles and responsibilities and be empowered with the requisite decision-making authority in order for the Partnering arrangement to be successful.

Use of the Partnering tools

The partners will establish tools and processes at the Partnering Workshop:

- ✓ The Charter
- ✓ Goals and objectives
- ✓ Mission Statement
- ✓ Problem identification and resolution process
- ✓ Conflict Escalation Procedure
- ✓ ADR approach
- ✓ Evaluation methodology

The partners must utilize and rely on these tools throughout contract performance in order to maintain focus and direction.

Reinforcement and follow-up

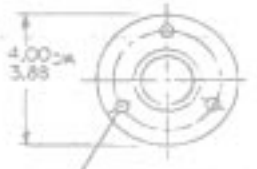
In-process reviews should be held on a regular basis to ensure that program goals and objectives are on track and to measure accomplishments. Momentum will be maintained through the achievement of goals, the celebration of successes and the endorsement of the Partnering process by participants and senior leaders.¹ ❖



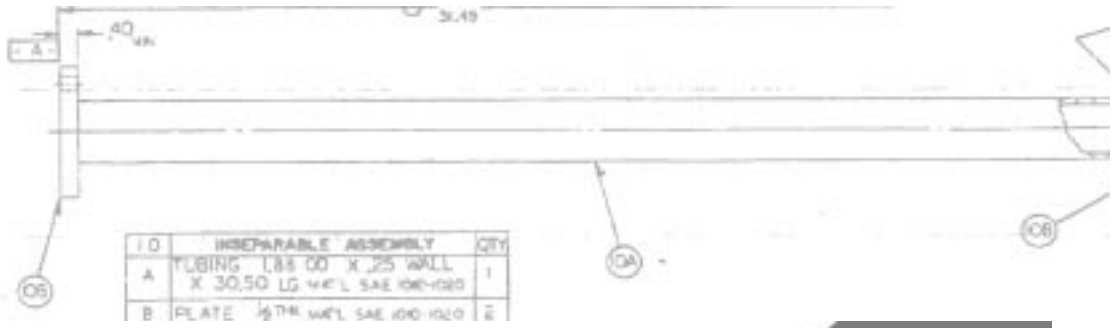
¹ This section is based on an article entitled “Seven Reasons Why Partnering May Fail on Your Project,” written by Partnering facilitators William S. Spragins and Richard D. Dutmer for *The Contractor’s Management Journal*.

Partnering is a Workforce multiplier

The culture within the acquisition community is undergoing dramatic change as a result of the introduction of numerous initiatives designed to streamline acquisition processes. Industry has had to adjust to the realities of the changing global situation with the ending of the Cold War. Both government and contractor employees are facing unprecedented downsizing and reorganization efforts. Accordingly, there is an understandable hesitancy to accept further changes such as Partnering. Unlike many new initiatives, however, the Partnering process is a workforce multiplier, the utilization of which is absolutely essential to our future success.



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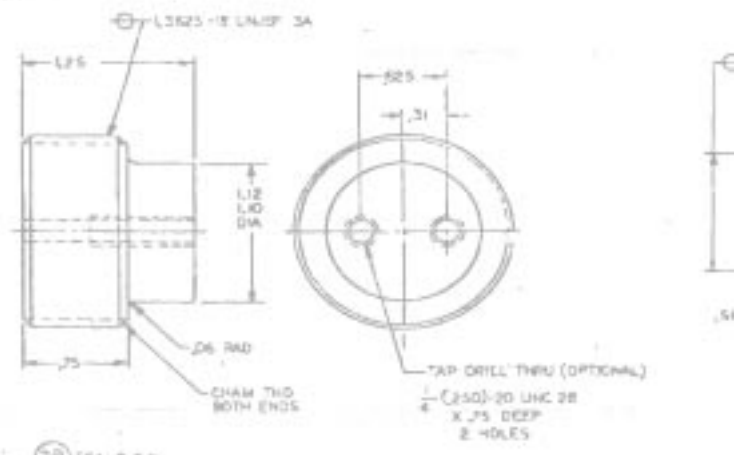
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Partnering is an attitude adjustment.



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29 SCALE 3/1

Step One: Getting Started

Decision to partner

This first step is critical. Partnering is a process that can be used in any contractual action; however, it is up to the individual activity and the contracting parties to determine whether to use Partnering.

Who can suggest Partnering?

While the decision to partner on a specific project needs the support of senior management, anyone within government or industry can initiate the process by bringing the Partnering concept to the attention of the Procuring Contracting Officer (PCO) and/or the Program Manager (PM).

When is Partnering beneficial?

Partnering is most beneficial when the parties believe that traditional contract administration methods may prove to be ineffective, particularly in a downsizing environment.

Partnering is particularly valuable to organizations committed to DOD acquisition streamlining and cycle time reduction, and for those seeking a process that identifies and resolves problems early and without the need for costly and time consuming litigation.

Selecting the contract to partner

Partnering has been successfully employed on contracts that are technically complex, involve several major players, are for the acquisition of critical items, or anticipate identifiable problems. Excellent candidates for Partnering include acquisitions where prior contract performance has

“Resistance (to Partnering) is based on the attitude ‘I don’t have the time.’ If this is true, you can’t afford not to partner.”

—Pat Martel
Chief, Hydra Rocket Section,
Ammunition Procurement Division,
U.S. Army Industrial Operations Command

been poor or where there has been a history of adversarial relationships between the government and the contractor.

In selecting contracts for Partnering, a contract of two years’ duration or longer is generally preferred. Normally, a contract of less than two years is not long enough in which to maximize the benefits of a Partnering relationship. However, if the parties are familiar with, or have experience in the process, its utilization on shorter contracts can be beneficial.

Making the commitment

To succeed, Partnering needs the total commitment of senior management, as well as everyone with a stake in the relationship—those who will have an impact on contract performance. Periodic meetings will ensure the continued commitment of stakeholders, introduce new participants to the Partnering process, and reinforce team goals.

Senior management

It is important that senior managers within the Partnering organizations

affix their personal stamp of approval on the Partnering effort. Written policy statements from these government and contractor management officials demonstrating their support for and commitment to the Partnering process will greatly assist in creating and maintaining the support of participants.

Program stakeholders

“Stakeholders” are those persons within government and industry who are critical to ensuring program success. They, along with the roles they play, must be clearly identified and well defined. The user of the product or system being acquired is an important stakeholder whose presence at the initial Partnering Workshop to describe the need for the item and its role in supporting the American soldier is crucial to successful orientation and commencement of the Partnering process.

Empowerment of participants

Trust is an essential characteristic of Partnering. Trusting participants and empowering them with the requisite responsibility and authority to make binding decisions within their designated areas is fundamental to the success of the Partnering process.

Designation of “champions”

Senior-level and program-level “champions” should be designated by each partner. The senior-level champions are individuals who play a powerful and influential role in the process and are generally at the PM level. They will oversee the project, reinforce the team approach, overcome resisting forces, participate in resolution of issues escalated to their level, celebrate successes, and maintain a

positive image for the project. They also communicate with senior management officials (e.g., Commander, Program Executive Officer, or Chief Executive Officer) to keep them apprised of Partnering efforts and to solicit their continuing commitment.

The program-level champions are high-profile individuals, generally at the PCO or Contracts Manager level, who are involved in the daily affairs of the program. They provide the leadership to ensure that the Partnering process moves smoothly throughout performance of the contract. They coordinate activities of team members, maintain regular contact with the other partners, provide information to senior-level champions (and others in senior management), and encourage adherence to the Partnering process and compliance with the terms of the Partnership.

Obtaining resources

Part of the commitment of an organization to the Partnering process is the recognition that resources are required in order to achieve success.

Time

Participants will need to have sufficient time to learn about Partnering, to engage in team-building exercises, and to attend scheduled workshops.

Money

Financial requirements for Partnering include the costs of conducting the Partnering Workshop and renting the workshop facilities, as well as travel-related expenses. ❖

Step Two: Communicating with Industry

Extending the invitation to partner

Individuals within both government and industry are strongly encouraged to recommend the use of the Partnering process. Consideration should be given to using the AMC Model Partnering Process in these acquisition programs.

A good opportunity for AMC organizations to highlight their desire to partner is at Advance Planning Briefings for Industry (APBIs) when government representatives describe current and future acquisition programs. It is recommended that a copy of this Partnering Guide be provided to APBI attendees.

Including a provision for Partnering in the solicitation and on the world wide web

The invitation to partner should be extended as early as possible in the acquisition process.

(Appendix A contains a sample Partnering solicitation provision.)

Since your invitation to partner may be the first time that industry has encountered the concept, it is very important to clearly specify what it is that you have in mind by “Partnering.” One way to do this is to augment your solicitation provision by including this AMC Partnering Guide in the solicitation package. It is also recommended that you highlight your desire to partner in the solicitation’s executive summary.

AMC organizations can also “post” their desire to partner on their electronic bulletin boards/world wide web home pages and provide their prospective offerors with information about the Partnering process and procedures described in this Guide. The AMC Partnering Guide is available on the internet at <http://www.dtic.dla.mil/amc/>

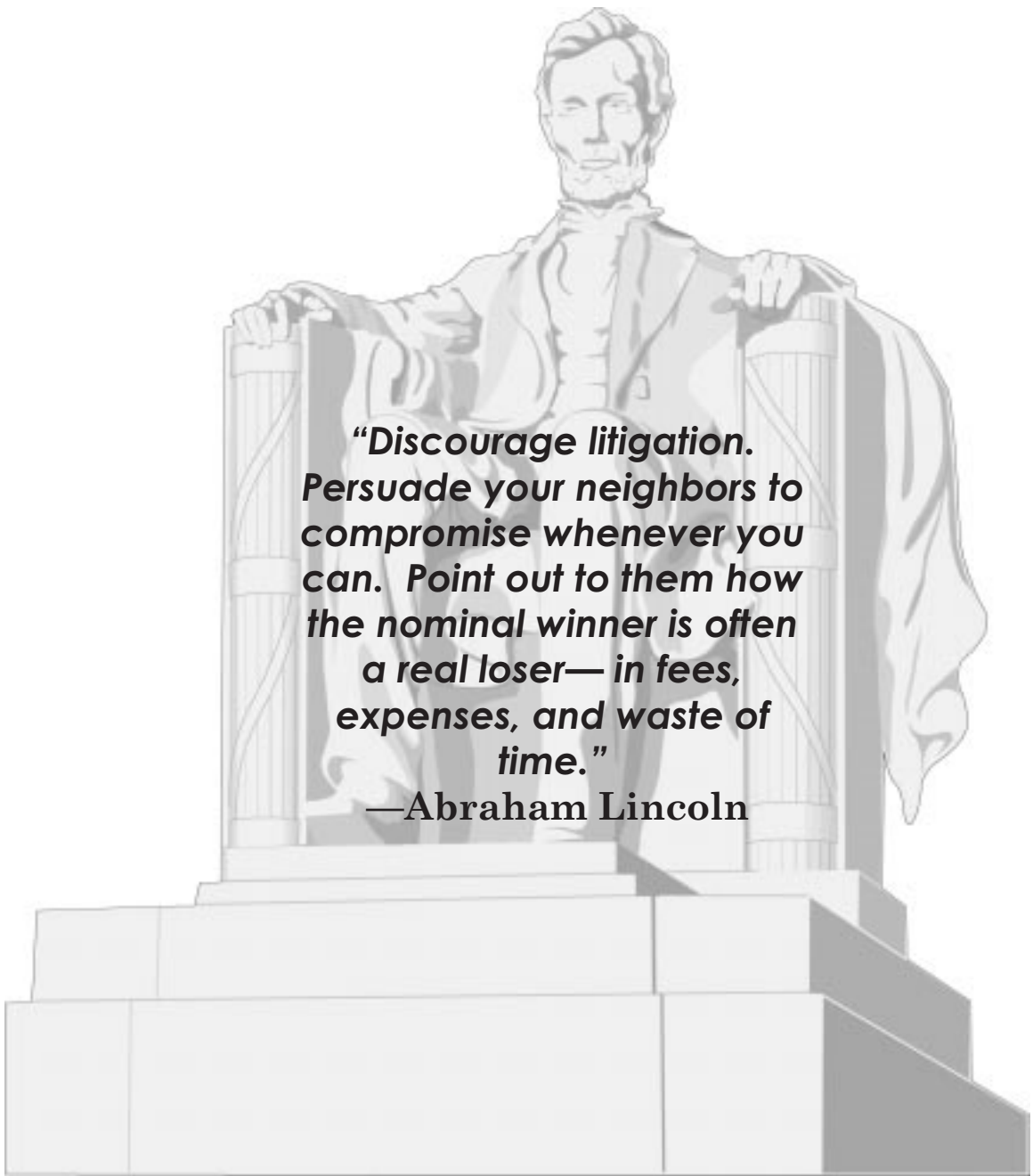
Partnering also needs to be communicated to the subcontractor community, especially those with major roles to play. Encourage offerors to ensure that their major subcontractors are made an integral part of the Partnering effort.

Discussion at the pre-solicitation conference

AMC procuring activities should begin discussing their desire to utilize Partnering with industry at the pre-solicitation conference. The government can explain the Partnering process, concept, and philosophy to prospective offerors, and identify for industry the principal government players. Contractors will be more receptive to and supportive of the Partnering process if they know who within the government will be involved.

Mutual agreement to partner

Implementation of the Partnering process should be discussed with the contractor as soon as possible after the contract is awarded. It is strongly recommended that Partnering be an agenda item for the post-award conference or start-of-work meeting. ❖



***“Discourage litigation.
Persuade your neighbors to
compromise whenever you
can. Point out to them how
the nominal winner is often
a real loser—in fees,
expenses, and waste of
time.”***

—Abraham Lincoln

Step Three: Conducting the Workshop & Developing the Charter

Selecting a facilitator

In most cases, a facilitator-directed Partnering Workshop will accelerate the successful implementation of the Partnering effort.

Role of the facilitator

The facilitator is a neutral person who helps the partners get organized from the outset of the process. The facilitator helps develop and leads the Partnering Workshop and is instrumental in having the parties design their Charter, identify potential problems (“Rocks in the Road”), and develop a Conflict Escalation Procedure.

The facilitator also plays the role of the “honest broker,” deals with any skepticism or bias brought to the workshop, and keeps the team focused on the Partnering process.

Selection of the facilitator

The parties should obtain the services of a facilitator experienced in the Partnering process. For more information, see the Partnering Program’s world wide web site. To access the site, visit AMC’s home page at:

<http://www.dtic.dla.mil/amc/>

- Click on “Headquarters Army Materiel Command”
- Click on “Chief of Staff”
- Click on “Office of Command Counsel”
- Look for the Partnering initiative in the “Teams” section.

Preparing for the workshop

Preparation for the workshop is critical. The more thorough the preparation, the more focused the workshop will be from the beginning, thereby maximizing workshop benefits. The facilitator can assist the parties at this preparatory stage of the process as well.

Selecting participants

The workshop attendees should include those individuals needed to achieve contract success, *i.e.* all those “who can throw a monkey wrench” into the program. Anyone who does not participate in the workshop may not understand the Partnering philosophy and process. Additionally, the attendees’ roles and responsibilities should be discussed internally within both government and industry prior to the workshop.

Reviewing the contract

The partners should carefully review the contract and identify potential problems which may arise during contract performance.

Site of the Partnering Workshop

A neutral site is desirable in that being away from the workplace enhances the team-building process, contributes to a consistent focus on Partnering, and minimizes the potential for participants to be drawn away from the table for other work-related matters.

Coordinating with the facilitator

It is important that the partners coordinate with the facilitator during the preparation stage, especially if they are unfamiliar with the Partnering process. Keeping the facilitator involved maximizes the benefits to the partners by keeping them on the Partnering path and by increasing the facilitator's knowledge of the specific program, contract requirements, and unique contract administration issues.

Conducting the workshop

A good Partnering Workshop is an invaluable team-building experience and an excellent method for initiating the Partnering process. What happens at that workshop will create the momentum that drives the partners in the same direction toward the accomplishment of mutual goals and objectives throughout contract performance.

During the workshop, the essential ingredients of the Partnering arrangement are drafted:

- ✓ The Partnering Charter (mission statement and goals and objectives)
- ✓ Specific program issues and concerns ("Rocks in the Road"), with an Action Plan developed for each
- ✓ Conflict Escalation Procedure
- ✓ Alternative Dispute Resolution (ADR) approach
- ✓ Metrics for the assessment of accomplishments
- ✓ Reinforcement techniques

The Partnering Workshop should not be viewed as one more task on an already full plate, but rather as an up-front investment with substantial long term benefits for the partners.

The length of the workshop will depend on such variables as the complexity of the contract, experience of the participants in Partnering, the number of partners, and the time needed for team-building. The workshop may entail both individual and joint sessions with the facilitator and, generally, will be at least two days in length. The workshop should consist of the following activities:

Team-building

The facilitator brings the parties together to develop inter-organizational team-building skills. The specific skills needed (*e.g.*, communication skills, personality profiling, joint problem resolution skills) will be identified and addressed by the facilitator based upon an assessment of the individual program. This establishes the foundation for the balance of the workshop.

Roles and responsibilities

The roles and responsibilities for each Partnering participant should be identified during the workshop. This assists in establishing and clarifying lines of communication and levels of authority.

The Partnering Charter or Agreement

The Partnering Charter is the focal point of the relationship and the blueprint for success. It is the threshold document in which the parties set forth their mission statement, mutual goals and objectives, and commitment to the Partnering relationship.

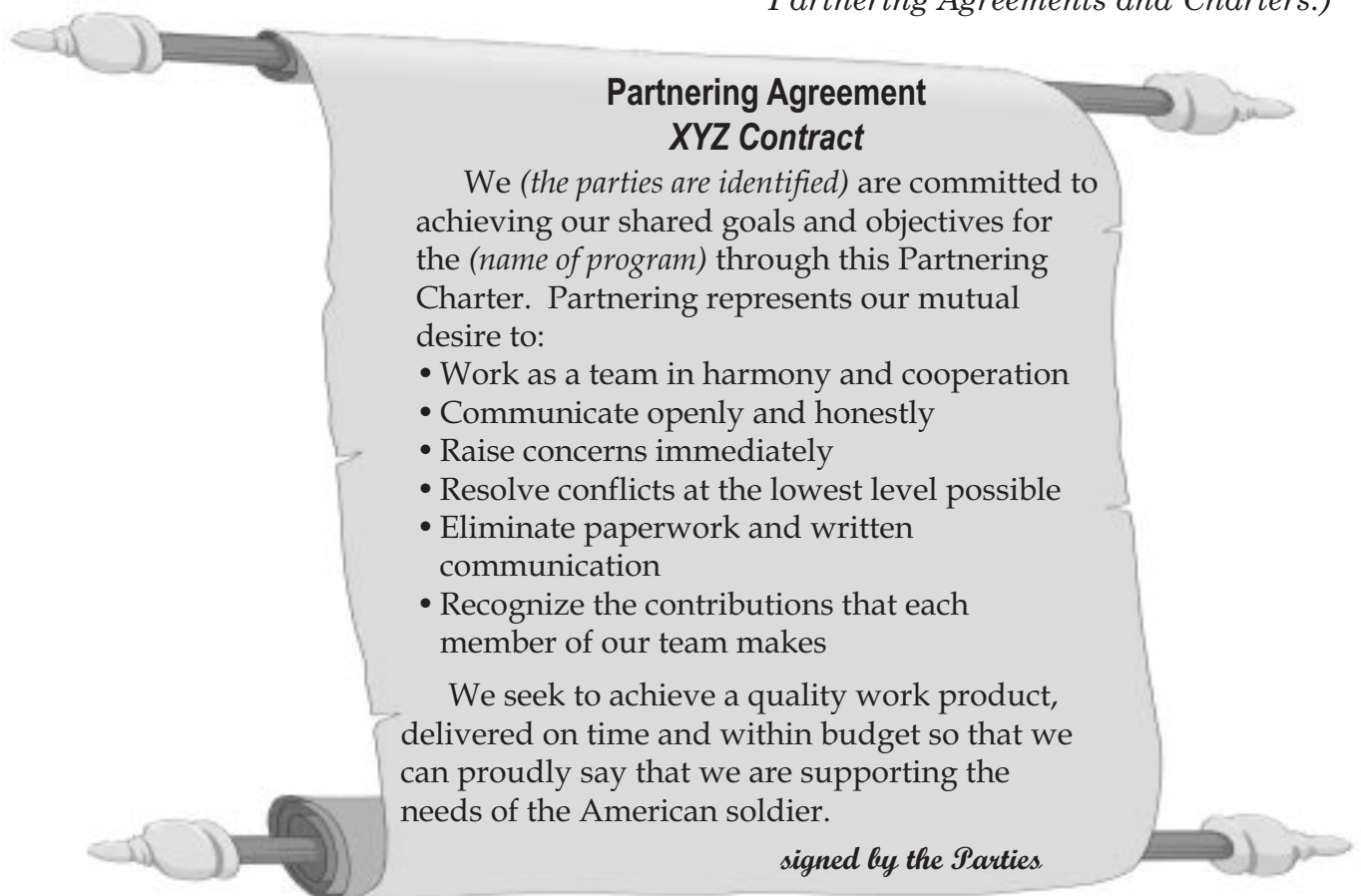
There is no single approach to drafting a Partnering Charter. The Charter should include a mission statement expressing the partners' commitment and agreement to communicate openly and to share information in order to avoid surprises. (*See example below*).

The Partnering Charter should also include specific, identifiable and measurable overriding goals and objectives, such as:

- ✓ Deliver the product/service (xx) days ahead of schedule
- ✓ Identify problems at the first opportunity
- ✓ Jointly resolve problems at the lowest possible level
- ✓ Seek fair treatment for all participants
- ✓ Limit cost growth to less than (xx) %
- ✓ Pass First Article Testing the first time
- ✓ Eliminate litigation through the use of ADR procedures

When the parties establish their overriding goals and objectives, they must ensure they are mutually agreed upon so that everyone will be actively focused on achieving them.

(See Appendix B for examples of Partnering Agreements and Charters.)



Overarching Partnering Agreements

Consideration may also be given to the use of Overarching Partnering Agreements in which senior management from the government and industry formalize their commitment to utilize the Partnering process in the performance and administration of each of their subsequent contractual efforts. Individually designed and tailored Partnering Agreements would be developed for each of those contracts.

(Appendix C is an example of an Overarching Partnering Agreement.)

Problem resolution

Throughout the Partnering process, the partners will be encouraged to identify problems at the earliest stage and to work together to solve them. Don't wait for your partners to find the "hidden traps" themselves. Identifying problems early, particularly those about which only you are aware, is the best way of demonstrating to your partner your commitment, openness, honesty, and desire to work together as a synergistic team. Remember, the occurrence of a problem does not mean that the Partnering arrangement has failed.

"Rocks in the Road"

"Rocks in the Road" is a phrase that describes the potential problems that the partners may encounter during contract performance. The "Rocks in the Road" process means that the parties mutually agree to avoid surprises, to communicate problems to

each other immediately, and to work together as a team to expeditiously solve problems as they occur. For each "Rock in the Road," the parties develop an Action Plan for addressing the problem and identify the team members empowered to resolve the problem.

(Appendix D is an example of a "Rock in the Road" identification/Action Plan that has been used successfully.)

Conflict Escalation

Rather than race to the courthouse when a conflict arises during contract performance, the partners will turn to the Conflict Escalation Procedure they designed during their workshop. Any issue not resolved at the working level within the established time frames will be elevated automatically to the next identified level.

The parties agree to attempt to resolve every issue at the lowest level possible with specifically named individuals. The partners agree not to elevate the issue to the next higher level prematurely or unilaterally and to follow the Conflict Escalation Procedure developed at the workshop. This process avoids "leap-frogging" and keeps problems from festering.

Lastly, it is imperative that the individuals identified in the Conflict Escalation Procedure not delegate their responsibilities and personally that they perform the role(s) agreed to at the workshop.

(Appendix E contains examples of Conflict Escalation Procedures—also referred to as Issue Resolution—developed during Partnering Workshops.)

Alternative Dispute Resolution

Partnering is an integral part of the AMC ADR Program. Within the Partnering framework, the partners design a dispute resolution approach to be used in the event that an issue cannot be resolved through the Conflict Escalation Procedure.

ADR is not a single process or procedure. It is an inclusive term that describes a variety of joint problem-solving techniques that present

options in lieu of litigation. ADR encourages the consideration of creative solutions to disputes that are unavailable in traditional dispute resolution forums. It encourages communication between the parties and focuses on the parties' real interests, rather than on their positions or demands, enabling them to address the real concerns underlying the conflict.

Using ADR

Benefits of ADR

- ✓ Reduces the cost of litigation
- ✓ Avoids program delays occasioned by protracted litigation
- ✓ Recognizes the need to maintain a harmonious business relationship
- ✓ Shifts the focus of decision-making from a legal to a business perspective

The ADR process selected by the partners should be documented in a Protocol Agreement jointly signed by the partners.

This Agreement should specify:

- ✓ The steps to be used
- ✓ The specific individuals who will participate in the ADR procedure
- ✓ The role of each participant
- ✓ A well-defined time structure

- ✓ A confidentiality clause that prevents the parties from disclosing dispute resolution communications in subsequent proceedings, in the event the dispute cannot be resolved through ADR.

(Appendix F is an example of an ADR Protocol Agreement)

(Appendix G identifies the various ADR techniques that have been successfully used in AMC and elsewhere. It also describes the characteristics of ADR.)

Partnering is one of four AMC ADR acquisition initiatives.

(Appendix H discusses the other three programs: the AMC-Level Protest, Debriefing, and Contract Dispute Resolution Programs.)

“Through these Partnering Agreements, we’ve eliminated bureaucracy, increased flexibility, decreased lead times, and built better relationships with our contractors. Most importantly, the agreements will improve readiness by speeding deliveries to our ultimate customer, the soldier in the field.”

**— Jimmy Morgan
Director,
Armament and Chemical Acquisition & Logistics Activity**

Measuring success

During the Partnering Workshop, the facilitator will assist the partners in determining how success will be measured through the development of a baseline and assessment criteria which will be utilized during periodic follow-up meetings to determine if goals and objectives are on track.

The partners should draft a Partnering Performance Survey to measure the team’s progress towards the accomplishment of identified objectives. An initial survey should be done at the workshop to measure perceptions and views at the outset of

program performance. Thereafter, results of in-process surveys of government, contractor and subcontractor personnel, asking the same or similar questions, can be compared to the original responses to assess progress and to determine the extent to which the Partnering objectives have been accomplished.

(Appendix I contains an example of a Partnering Performance Survey.) ❖

Step Four: Making it Happen

Although the Partnering process gets a “jump-start” during the Partnering Workshop, the newly learned technique of conducting business as partners must be vigilantly reinforced throughout contract performance. If the Partnering process is not utilized back at the office or if you do not act differently in your day-to-day dealings with your partners, you will fail to capture the significant advantages for your program which will result from the Partnering process. The following paragraphs discuss some ways to ensure that the benefits of Partnering are achieved.

Following agreed upon procedures

Trust the product of your workshop. Frequently refer to the Partnering Charter, the mission statement, the goals and objectives, the Action Plan developed for each “Rock in the Road,” the Conflict Escalation Procedure and the ADR approach you designed.

Adhering to these procedures will significantly decrease the time and cost spent in identifying issues and resolving problems. Following your Partnering approach avoids the scenario of having to repeatedly search for the “right” person with whom you can discuss an issue and resolve a problem. More importantly, however, deviating from the workshop procedures may create the belief among your partners that you do not trust them and are not committed to the Partnering process.

Active champion involvement

The champions are more than figure-heads. They must play a vital role in initiating and energizing the Partnering process for those on the team and implementing the tools developed at the Partnering Workshop.

Continuous communication

Adhere to the principle of open and honest communication. Without this foundation, your Partnership cannot succeed. Communication builds trust which is a critical component of the process. Remember, when the going gets tough or unanticipated problems arise, Partnering becomes more important than ever. Only through open and honest communication among the partners can these obstacles be successfully overcome.

Although face-to-face meetings are most conducive to open communication, time and budgetary constraints may limit the feasibility of this approach. Any media available (VTC, e-mail, teleconferences, desk-top videos) should be used to maintain continuous communication among the partners. Additional workshops should be considered if the primary participants change during contract performance.

Identification of problems and joint problem-solving

Throughout the Partnering relationship, the partners must be vigilant in identifying potential pitfalls and obstacles and work together to expeditiously resolve these issues.

Joint problem-solving

- ✓ A positive attitude is essential
- ✓ Avoid blame
- ✓ Avoid surprises
- ✓ Seek mutual accountability for problem resolution
- ✓ Embrace change

The immediate identification of a problem is crucial because *bad news does not get better with time*. The Conflict Escalation Procedure designed by the partners envisions early recognition of problems. Use it!

Through open and honest communication and joint problem-solving, the partners create a proactive relationship based upon managed risk-taking which encourages creative “outside the box” ideas and solutions.

Periodic reviews

The Partnering Workshop is a starting point. The necessity for adjustments in the process and the relationship should be anticipated. Without an accurate assessment of the successes to date, valuable corrections cannot be made. The fact that adjustments are considered necessary is not indicative of failure or error; it only recognizes the need for change or reinforcement.

Periodic reviews at regular intervals are critical to success. Do not adopt the view that the partners should *review the bidding only* when problems demand action. Periodic reviews are important to effective management and may involve the entire team or a portion of the team, and can address single or multiple issues. Periodic reviews can involve any of the following three activities:

Assessment of the partnering relationship

When the partners interact they should discuss the Partnering process and actively listen to the comments from their counterparts. Periodic surveys measuring the partners’ ongoing relationship will help the parties assess the effectiveness of the Partnering arrangement and the tools created at the workshop. The champions should then take the lead to facilitate necessary adjustments, reinforce the Partnering process, keep the parties focused, and ensure that the actions taken are consistent with Charter objectives.

Follow-up workshops

One reason why it is beneficial to keep the facilitator informed during contract performance is to enhance his or her involvement in follow-up workshops if they are required. Follow-up workshops should be considered when major players in the Partnering process are replaced in order to ensure that new participants are knowledgeable about and committed to the process.

Follow-up workshops should also be considered if there is a breach of the Charter or Conflict Escalation Procedure, or if there is some other indication that it is necessary to reaffirm the process and remind participants of the need for their consistent commitment.

Metrics

The measurement phase of the Partnering process is crucial in order to determine whether the process is working, what strengths and weaknesses are present, and what revisions will make the Partnering process better.

(Appendix J addresses the different criteria which government and contractor partners may wish to use in developing a specific measurement apparatus.)

Measuring and celebrating success

When interim goals or objectives are achieved, or when problems are successfully resolved, celebrating those successes will provide momentum for the team. The celebration can consist of T-shirts or caps worn by team members, certificates, awards, statues, or a picnic. The celebration can be a joint one for all partners, or it can be internal for the government or contractor participants. Celebrating achievements builds on those successes, creates confidence in the Partnering process, and contributes to further team-building.

Always return to the Charter and to its recitation of goals and objectives. The most accurate measure of success in the Partnering process is whether these are being met. Analyze the results achieved against those you forecast in the Partnering Performance Survey developed at the workshop.
For example:

- ✓ Were the originally identified time lines achieved?
- ✓ Are deliveries/services completed on or ahead of time?
- ✓ Are testing requirements satisfied the first time?
- ✓ Has litigation been avoided?
- ✓ Has paperwork been reduced?
- ✓ Was the money spent commensurate with the performance?

Reinforcement

No matter how well the Partnering process is working, it periodically must be reinforced. Senior management should be briefed by the champions and asked to encourage Partnering to the workforce generally, and to the team participants, specifically. Recognize successful efforts by publicizing them through such means as the installation newspaper, command briefings to the workforce and at command staff meetings. One benefit of reinforcement is that it demonstrates to other employees that engaging in the Partnering process will be worth their time and effort and, most importantly, will benefit the American soldier.

When the contract is complete, the partners should review what occurred, do a final comparison against the goals set forth in the Partnering Charter, and develop a lessons learned/after-action report, to be used as a guide for future Partnering efforts. ❖



Conclusion

This “Model” has been used successfully by several AMC procuring activities. When using the Partnering process, the participants are free to tailor this methodology as necessary to achieve the objectives of their particular program. However, each basic step of the process is important and should not be overlooked.

Questions

When individuals are first introduced to the Partnering philosophy and process, they often have numerous questions.

(Appendix K provides responses to frequently asked questions and will provide important information to those considering the use of the AMC Model Partnering Process.)

For more information

For more information on AMC's Partnering Program, and to discuss how you can utilize the procedure for your contracting actions, please contact any of the members of the AMC Partnering Team.

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Appendix A

Partnering solicitation provision

Partnering - Section L

In an effort to most effectively accomplish the objectives of this contract, it is proposed that the government, the contractor, and its major subcontractors engage in the Partnering process.

Participation in the Partnering process is entirely voluntary and is based upon a mutual commitment between government and industry to work cooperatively as a Team to identify and resolve problems and facilitate contract performance. The primary objective of the process is providing the American soldier with the highest quality supplies/services on time and at a reasonable price. Partnering requires the parties to look beyond the strict bounds of the contract in order to formulate actions that promote their common goals and objectives. It is a relationship that is based upon open and continuous communication, mutual trust and respect, and the replacement of the “us vs. them” mentality of the past with a “win-win” philosophy for the future. Partnering also promotes synergy, creative thinking, pride in performance, and the creation of a shared vision for success.

Participation in the Partnering process is entirely voluntary. After contract award, the government and the successful offeror will decide whether or not to engage in the Partnering process. Accordingly, offerors shall not include any anticipated costs associated with the implementation of the Partnering process in their proposed cost/price (e.g. cost of hiring a facilitator and conducting the Partnering Workshop). If the parties elect to partner, any costs associated with that process shall be identified and agreed to after contract award.

The establishment of this Partnering arrangement does not affect the legal responsibilities or relationship of the parties and cannot be used to alter, supplement or deviate from the terms of the contract. Any changes to the contract must be executed in writing by the Contracting Officer.

Implementation of this Partnering relationship will be based upon the AMC Model Partnering Process, as well as the principles and procedures set forth in the AMC Partnering Guide. The principal government representatives for this effort will be (include names, positions, and roles in contract administration).

Appendix B

Partnering Agreements & Charters

Peter Lamberto - Toomey Const.
Dan J. Mueller DPW

PARTNERING CHARTER

Charter: *We, the Building 1207 BRAC Revitalization Team, are committed to Partnering through the construction, administration and completion of this Project on time and within budget. We agree to make our best efforts to achieve the goals listed below, and believe that these goals reflect our intentions and commitment to the performance of this project as a team.*

Rich Klarnick

Art Kravitz
Ray Brown

GOALS

Francis Espinoza
Spencer Ziff
Timberlee

1. Accident-free job site.
2. Resolve all safety issues immediately.
3. No more than two percent cost growth.
4. Complete all contract phases ahead of schedule, including punch-list.
5. By 29 February 1996, define in writing, roles and communication lines for the partnership.
6. Execute necessary contract changes without delaying the project.
7. Foster a positive job environment.
8. No repeats on notices of deficiencies.
9. Participation of all appropriate team members in the quality control program.
10. Avoid litigation by:
 - a. Addressing issues and working them out as a team before they become differences.
 - b. Resolving differences through negotiation.
 - c. If all other methods fail, obtain a disinterested third party arbitrator's opinion.
11. Satisfied customers.
12. Build a project of which we can all be proud.
13. Submittal and evaluation of all submittals and RFP's to avoid delaying project progress.
14. Empower joint problem resolution at the lowest possible level.
15. Foster new ways of doing business.

Henry B. ...
Judy ...

John O'Leary

Richard ...
Michaela ...
John ...

Michael ...

BKS ...

V. O'Neil

ARMORED SECURITY VEHICLE

MISSION

The ASV team is committed to providing a quality vehicle to the U.S. Military that meets the user's requirements as defined in the contract, on schedule and within the contract budget. This will be accomplished through establishing and working within a cooperative relationship among team members to achieve the following program goals:

- Deliver on or ahead of schedules
- Produce a quality and logistically supported ASV that meets or exceeds performance specifications
- Reach timely resolution of all issues
- Achieve zero claims
- Complete testing successfully
- Perform within contract cost
- Use cooperative teams to ensure timely placement of production contract
- Develop and maintain positive working relationships among all stakeholders
- Constantly seek product improvement

David W. Foley BG, USA
 Michele Veltick
 Paul Bourque
 Don Skiff
 Angel Pal
 DM Buttram
 Walter P. Wypubet
 Patricia Gracich
 Ronni Blanchard
 Anthony A. Har
 Keith Gaur
 Kerri Edwards
 Dale Holmes
 PM Reynolds
 Clarence ~~James~~
 Maurer W. Cross
 Michael P. Burns
 Theodore A. Vint
 Denise Miller
 Barbara Belkers
 Joe Knapp
 Don Hosen
 John R. Schneider
 David Lewis
 James Smalley
 W. David Whedden
 Susan M. Lavandowski
 M. J. Weyand

**PARTNERING AGREEMENT FOR THE BATTLEFIELD COMBAT IDENTIFICATION
SYSTEM (BCIS) ENGINEERING AND MANUFACTURING DEVELOPMENT (EMD)
CONTRACT BETWEEN TRW, MAGNAVOX, PM COMBAT IDENTIFICATION AND
CECOM**

I. We, the Government and Contractor team personnel dedicated to BCIS, are committed to a positive utilization of partnering in the performance and administration of this project. We believe that through partnering we will be able to provide a dependable, quality project completed on time and within budget. We will work as a team to build action plans, to break down communication barriers, resolve conflicts at the lowest possible level, to streamline the paperwork process, and build a team spirit to achieve maximum success for all: a quality product that meets all the Government requirements, on time delivery, within budget, and with a fair profit for the contractor.

II. We are committed to open communications, joint problem solving and teamwork to accomplish all the goals and objectives of the BCIS contract to include:

a. Adopt a total team approach resulting in an outstanding project team performance.

b. Encouraging information sharing at all levels. All team members will stress the importance of a timely, positive and ongoing communications.

c. Produce high quality cost effective, reliable EMD units.

d. Team members will use The Alternative Dispute Resolution process [described in the attached "Partnering Infrastructure"] to the maximum extent feasible to reduce and/or eliminate the need for litigation.

e. Encourage all team members to respond swiftly to concerns, deadlines and requests.

f. Achieve and complete all milestones on or ahead of schedule.

g. Successfully complete the project within budget.

h. Each party shall bear their own costs associated with effectuating this partnering effort. There will be no change in the contract price as a result of this partnering effort. The contractor and subcontractor shall comply with their respective cost accounting Standard Disclosure Statements.

i. Award 100% of all the Award Fees.

j. The Team BCIS process action teams will report regularly to the Management Working Group.

k. If the team determines that it will be useful in advancing the goals of this agreement, partnering workshops may be held to help improve communications and the team efforts. Each party will bear their own costs of participating in these workshops.

III. We believe that this partnering statement will encourage synergy, pride in performance and quality workmanship leading to a showcase project and outstanding project performance.

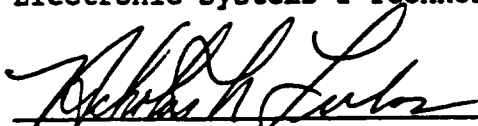
IV. Our goals will be achieved through a commitment to teamwork and partnering characterized by mutual trust, responsiveness, flexibility and open communications. To accomplish these goals we commit to project decision-making at the lowest possible level within the team infrastructure.

V. To facilitate the implementation of the goals set forth in this Agreement, the organizational structure set forth at Attachment 1 is established.

VI. This Agreement does not create any legally enforceable rights or duties. Any changes to the contract must be made by the contracting officer under the terms of the written contract. Any changes to the subcontract between TRW and Magnavox must be made by TRW's Subcontracts Manager under the terms of the written subcontract. Rather, the Partnering concept is a team relationship that promotes the achievement of mutually beneficial goals.



David B. Vandervoet
Vice President and General Manager
Electronic Systems & Technology Division, TRW



Nicholas A. Lufos
Vice President and General Manager
Electronic Combat Operations, Magnavox



Thomas V. Rosner
Col, OD
PM, Combat Identification



HYDRA-70 Mission Statement

The HYDRA-70 team is dedicated to providing the best rocket system to the military while maintaining a professional, ethical, and mutually supportive environment amongst all team members. We will continuously seek to improve our products, processes, and people.

Shared Goals

On time deliveries.

Deliver quality product.

No unresolved disputes.

TDP-resolve issues in a timely manner.

Strive for open/honest/timely communications.

No safety or environmental incidences.

Teamwork-recognize shared interest for program success.

All team members profit.

User/customer satisfaction.

Use the current production program as a springboard for future product improvement.

Combining the talents of the entire team helped to create a standard template for reuse



Partnering Agreement SMART-T LRIP and FSP Contract

1. We, PM Milstar (Army) and Raytheon Company, dedicated to SMART-T, are committed to a positive utilization of partnering in the performance and administration of this contract. We believe that through partnering we will be able to provide a dependable, reliable, quality product completed on time and with a fair profit for Raytheon. We will work as a team to build action plans, breakdown communications barriers, resolve conflicts at the lowest level possible and build team spirit to achieve the maximum success.


Performance Goals:

- Soldier Satisfaction
- Quality Work
- On Time Delivery
- Successful IOT&E
- Re-engineer Administrative processes for cost saving

Communications Goals:

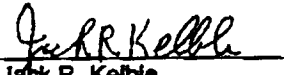
- Timely resolution of conflicts
- Effective and Timely communications
- Minimize oversight
- Resolve issues at lowest level
- Validate Partnering Effectiveness

2. This agreement does not create any legally enforceable rights or duties. Any changes to the contract must be made by the contracting officer under the terms of the written contract. The Partnering concept is a team relationship that promotes the achievement of mutually beneficial goals.



Michael R. Mazucchi
Colonel, Signal Corps
Project Manager
Milstar (Army)

19 Mar 96
Date



Jack R. Kelble
Manager, Command
Control, Communication
and Surveillance Systems

3/19/96
Date

Appendix C

Overarching Partnering Agreement

Overarching Partnering Agreement between Team C4IEWS and Hughes Aircraft Company

1. We the senior leadership of Team C4IEWS and the Hughes Aircraft Company (HAC), are firmly committed to the utilization of the Partnering process in the performance and administration of each of our future contractual endeavors.
2. We will serve as the champions for the establishment of positive and proactive relationships between our organizations based upon mutual trust and respect and the replacement of the "us and them" mentality of the past with a "win-win" philosophy and partnership for the future and dedicated to the accomplishment of mutually beneficial goals and objectives (*i.e.*, the delivery of the highest quality products/services, on or ahead of schedule, at a reasonable price/profit).
3. We are committed to the highest ethical and professional standards and the creation of a mutually supportive team-based environment. We believe that our commitment to Partnering will promote synergy, pride in performance, and quality workmanship leading to showcase projects and outstanding contract performance.
4. Our overriding objective shall always be providing America's warfighters with the most technologically advanced and reliable equipment in a timely manner in order to promote the swift, safe and successful accomplishment of their missions.
5. All contracts between HAC and Team C4IEWS awarded subsequent to the execution of this Agreement will include an individually designed and tailored Partnering Agreement based upon open, effective and continuous communication and dedicated to successful contract performance, the establishment of a true team spirit, the timely resolution/avoidance of problems, and continuous product and process improvement.
6. Immediately after the award of a contract, each of these Government/Contractor Teams will work together to identify and mutually agree upon the particular program's mission, goals and objectives: all potential obstacles to the timely and effective completion of the contract (*i.e.*, the "Rocks in the Road"); the establishment of a tiered conflict avoidance/resolution process; and milestones for assessing, on a periodic basis, the Team's success in overcoming these hurdles and

successfully accomplishing the program's objectives. Existing contracts between Team C4IEWS and HAC will each be reviewed to determine the feasibility and potential benefit of incorporating a Partnering Agreement during contract performance.

7. Although we anticipate the development of a tiered conflict avoidance/resolution process, we agree to empower our employees to jointly and expeditiously resolve all problems at the lowest possible level.

8. Alternative Dispute Resolution techniques will be used to the greatest extent possible in order to facilitate the timely resolution of disputes and eliminate the necessity for litigation.

9. It is recognized that notwithstanding the objectives of this Agreement, it shall not be used as a vehicle for the dissemination or exchange of any competition sensitive, source selection or proprietary information or for the premature or unilateral release of acquisition-related information prior to its publication to industry in general.

10. Any Partnering Agreement(s) entered into between Team C4IEWS and HAC shall not be used to alter, supplement or deviate from the terms of the contract(s) and the legal rights and obligations of the parties set forth therein. Any changes to the contract(s) must be executed in writing by the Contracting Officer.

11. Team C4IEWS and HAC will share the costs associated with the implementation of the Partnering process as set forth in the individual Partnering Agreements executed pursuant to this Agreement.

12. We agree to discuss the status of Partnering initiatives between Team C4IEWS and HAC on a quarterly basis, commencing in March 1997, in order to reinforce the Partnering commitment, share and build upon significant accomplishments, and identify and eliminate any perceived barriers to future success.

Appendix D

“Rocks in the Road” Action Plan

Armored Security Vehicle Program

Potential “Rocks” identified in Problem-Solving Groups

- GFE Deliveries
- Long-lead items
- Interpretation of requirements
- Inadequate/slow information transfer
- Overly bureaucratic/risk avoidance

Other Potential Key “Rocks”

- ILS considerations
- Concurrent engineering
- Untimely decisions
- Cost Control
- Geographical considerations
- PCO/ACO interface

Other Potential “Rocks”

- Logistical, technical issues
- Possible change in user requirements
- Inclement weather
- Unrealistic specifications
- Changes in personnel
- Contract changes
- Worker training
- Hesitation in the partnering process
- Loss of funding
- Decision levels too high
- Labor issues
- Contractor technical data
- Unknown factors
- Old school versus new school
- Contractual gray areas

Problem Solving Exercise

Obstacle: Interpretation of requirements

Critical Factors/Issues:

- Vague/ambiguous requirements
- Unnecessary/over specifications
- Incomplete specifications

Action Plan

What?	When?	Who?
1. Identify potential issues	30 APR 96	S. Collins-Textron, J. Keusch-TACOM Capt. M. Cross-MP School D. Lewis-SUPSHIP
2. Prioritize issues	Next IPR, 7 MAY 96	J. Smedley-Textron, T. Shaw-TACOM/PEP, K. Edwards-MP School, D. Holmes-SUPSHIP
3. Jointly review system requirements and identify issues	Next IPR, 7 MAY 96	S. Collins-Textron, J. Keusch-TACOM Capt. M. Cross-MP School D. Lewis-SUPSHIP
4. Resolve open requirements issues	June IPR	J. Smedley-Textron, T. Shaw-TACOM/PEP, K. Edwards-MP School, D. Holmes-SUPSHIP

Obstacle: Test failures

Action Plan

What?	When?	Who?
1. Coordinate with DCOPS/Texcom location of operational test	30 APR 96	K. Edwards
2. Decide number of test support packages	Next TIWG, 24 MAY 96	T. Shaw
3. Expand distribution of DTP and OTP	Next TIWG	B. Oelkers
4. Discuss detailed test issues	Next TIWG	B. Oelkers
5. Put suspenses on all requests	Next TIWG	B. Oelkers and R. Smith
6. Establish POC	Next TIWG	B. Oelkers
7. Availability of spares, certificates of conformance	PQT	R. Smith, Don

Appendix E

Conflict Escalation Procedures

Armored Security Vehicle Program

Issue Escalation Chart

Level	Textron	TACOM		MP School	Navy SUPSHIP
		<i>AG Center</i>	<i>Program Executive</i>		
1		Denise Mika	Michelle Velliky	Maureen Cross	Mike Burns
2	Bill Reynolds Larry Ham	Ken Bousquet	Tony Shaw	Kerrie Edwards	Dave Fulda
3	John Terry Jim Smedley	Rick Bender Marty Green	John Weaver	Lt. Col. Johnston Col. Sudnik	Commander Gordon Lt. Wiegand
4	Jim Kratzer	Dan Maney	Walt Wynbelt	General Foley	Capt. Whiddon

Issue Escalation Guidelines A Flexible Approach

1. When a disagreement surfaces, the individuals involved should mutually set a time frame to resolve the issue. If they cannot come to closure on that issue within the set time frame, they MUST escalate the issue with the facts.
2. If the individuals cannot reach agreement on a time frame for resolution, they MUST immediately escalate the issue.
3. Any issue/disagreement that has a direct impact on construction progress should be escalated immediately.

Hydra 70 Rocket System

Issue Resolution Chart

Levels	Subs	LMOS	IOC		DCMO	AAWS	Fuze	QA	NSWC	RAAP
1	Program Functions	Functions Jake Jacobsen Brian Cook Jeff Pitts	Chris Thompson Ken Sobkowiak WANDA MALVIK	Mary Crossen JIM Arloway Bitt Sehneider Steve Zarley	Lorna Noreault	King Ko	Roger Sitara	Richard Chan	Liz Eagles	Lisa Brown Anthony Miano
2		Daryl Kendrick	Diak Burris PATRICIA Marshall Collins	Tim Bolyard	Glen Ambusk FRANK BROTHERS	Jim Grundy	Edwina Chesky	Jamie Vega	Chuck Paras	Steve Devare Gary Martin
3		Linda Hudson	Brad Pierce SUE CRISD	Dean Wagner		Harold Chanin	Al Nash	Fred Fitzsimons	Jerry Barrons	Bob Hudak

2. If you cannot reach agreement on any specific issue, you must escalate the issue to the next level.
3. Escalate the issue with the facts.
4. Escalate the issue equitably.

The key is to get another set of eyes to look at the issue objectively.

Appendix F

ADR Protocol Agreement

ALTERNATIVE DISPUTE RESOLUTION

PROTOCOL AGREEMENT

This alternative dispute resolution agreement (the Agreement) entered into by Lockheed Martin Ordnance Systems, Inc. (LMOS) and the Department of Army, Industrial Operations Command (IOC) is intended to establish procedures to resolve disputes that may arise during the performance of the HYDRA-70 Systems contract DAAA09-95-C-0028. The IOC and LMOS are collectively referred to as "the parties."

PURPOSE:

This Agreement supplements the parties' existing Partnering procedures¹, extends the partnering concept, precedes the submission of a certified claim by the contractor and a final decision by the contracting officer. This Agreement is limited to disputes that would normally be subject to the disputes clause of the contract. Actions taken by the parties under this Agreement are considered a continuation of the Partnering dispute avoidance process and are not to be considered claims under the Contract Disputes Act (specifically 41 USC §605) or the Administrative Dispute Resolution Act. The parties will suspend any time limits imposed upon the parties for filing claims under the Contract Disputes Act during the period that the parties are attempting settlement through this ADR Agreement. Both parties share a desire to avoid expensive, time consuming litigation and to identify and mutually eliminate or resolve disputes. This Agreement is a plan for such dispute resolution procedures.

AGREEMENT:

1. The parties agree to utilize a two-step alternative to litigation that extends the partnering concept. Step-one follows the conflict escalation established at the Partnering Conference February 1, 1996. Step-one involves the submission of the dispute to a Standing Neutral after the matter has already been escalated through each parties organization in accordance with the conflict "Issue Resolution Chart" established at the Partnering Conference. Step-two involves the submission of the matter in dispute to a Mediator mutually agreed to by the parties, only after the parties agree the Standing Neutral is unable to assist the parties in a resolution.
2. Step-One: The parties have selected Jimmy C. Morgan, Director, ACALA as the Standing Neutral and he has agreed to serve in that capacity and be available on reasonable notice. In the event that Jimmy C. Morgan becomes unwilling or unable to serve, the parties agree to select an alternate Standing Neutral.

¹ Appendix A to Alternative Dispute Resolution Protocol Agreement between the Department of Army, Industrial Operations Command and Lockheed Martin Ordnance Systems, Inc. under HYDRA-70 Systems Contract DAAA09-95-C-0028 (HYDRA-70 Rocket System Partnering Conference January 30 - February 1, 1996).

3. If after a matter has been escalated to Linda P. Hudson, President, Lockheed Martin Ordnance Systems, Inc. and Sandra S. Crisp, Chief, Commercial Ammunition Procurement Division, or their successors, and it has not been resolved within 14 working days, either party may give written notice to the other party of their intention to submit the matter to the Standing Neutral. The written notice shall briefly identify the dispute. The Standing Neutral shall be furnished a copy of the written notice. Within 5 working days after receipt of the notice, the receiving party shall reply in writing acknowledging receipt of the notice and concur that the matter is a good faith dispute ripe for submission to the Standing Neutral. A copy of this reply shall be furnished to the Standing Neutral.

4. After the initial notice and acknowledgment, the parties agree that neither party shall have *ex parte* communications regarding the substance of the dispute with the Standing Neutral before the Standing Neutral has scheduled an initial conference². After the initial conference, the manner and frequency of communications shall be at the discretion of the Standing Neutral. During the initial conference, or within 5 work days of the initial conference, the Standing Neutral will decide and notify the parties of the need to submit written documentation supporting their positions.

5. After receipt of notice from the Standing Neutral of the need to submit written positions on the dispute, the parties shall submit their written positions within 10 working days of receipt of the notice.³ The written position shall, as a minimum, include the following:

- a. written statement of facts relevant to the dispute;
- b. the party's written position and rationale for the position;
- c. all other information and documents supporting the party's position; and
- d. the name and title of individuals personally knowledgeable of the facts identified in the party's statement of facts, including individuals representing the other party.

Each party shall submit a copy of this same information to the other party contemporaneously with the submission to the Standing Neutral. The parties further agree to honor all additional

²The forum for the initial conference may be either a personal meeting or telephone conference at the discretion of the Standing Neutral and the parties.

³ Position papers and other arguments posed by the contractor in furtherance of this ADR procedure shall be marked to prohibit confusion as to the intent of the document. The following marking is recommended:

"This paper is submitted under the ADR Agreement between the parties in furtherance of settlement, and is not to be construed as a claim or request for final decision. The contractor retains his rights to submit a claim or request for final decision at a later date if no resolution is reached."

reasonable requests for information from either the Standing Neutral or the other party.⁴

6. After receipt of the parties written positions, the Standing Neutral may interview witnesses, request additional documents, and generally use all means at his or her disposal to gather facts relevant to the dispute.

7. LMOS shall be represented by Linda P. Hudson, President, Lockheed Martin Ordnance Systems, Inc., or her successor, and the IOC shall be represented by Sandra S. Crisp, Chief, Commercial Ammunition Procurement Division, or her successor. The parties may be represented by counsel in a matter before the Standing Neutral. Each party will notify the Standing Neutral and other party of the name, address, telephone and fax numbers of its counsel.

8. The Standing Neutral will advise the parties of a recommended resolution to the dispute within 20 working days of the initial conference, or receipt of the parties' written positions in the event the Standing Neutral has requested written positions. The parties may mutually agree in writing to an extension of the date for this recommendation. Unless the parties agree otherwise, the Standing Neutral will provide a written statement of recommendation.⁵

9. The parties expect and the Standing Neutral agrees to apply (although the Standing Neutral is not obligated) the principles included in Attachment 1 to this agreement to resolve the dispute. The Standing Neutral's recommendation is not binding on the parties. Within 5 working days after receipt of the recommendation, either party, by written notice to the Standing Neutral and other party may request the Standing Neutral correct any computational, typographical or similar error in the recommendation. The Standing Neutral may also make similar corrections on his or her own initiative.

10. Within 10 working days after the receipt of the Standing Neutral's recommendation, or corrected recommendation, the parties shall notify each other in writing of their intention to implement the recommendation or request the matter be escalated to Mediation (Step-Two).

⁴ All negotiations, documentation and statements pursuant to this agreement are considered confidential and shall be treated as compromise and settlement negotiations for the purposes of all applicable rules of evidence and statute, including but not limited to Federal Rules of Evidence (FRE), Rule 408 and 5 U.S.C. Sections 573 and 574. **The parties and the Standing Neutral shall not voluntarily disclose these dispute resolution communications.** If the Standing Neutral or the parties receive a demand for disclosure, they shall notify the neutral and other party.

⁵ This statement will not be admissible in any subsequent judicial or administrative proceeding regarding this or any other dispute between the parties. Furthermore, neither party may compel testimony of the Standing Neutral relating to these proceedings in any subsequent judicial or administrative proceeding regarding this or any other dispute between the parties.

11. Step-Two: The parties agree that if after receipt of the Standing Neutral's recommendation they are unable to mutually implement the recommendation, they will mutually acquire a mediator. The parties acknowledge that mediation services are available from a wide range of potential providers, and that the most valuable provider may differ based on the nature of the unresolved dispute existing between the parties.

12. The parties agree to exchange a list of not more than three potential mediators within 3 working days of the decision to escalate the unresolved dispute. Each list shall contain sufficient information to allow each party to evaluate the proposed mediator. Each list shall include, as a minimum, name, address and telephone number for the proposed mediator. The list shall also include a brief description regarding any previous experience the proposing party has had with the mediator, including known fees or rates charged by the mediator. Within 7 working days of the decision to escalate the unresolved dispute to mediation, the parties shall mutually select a mediator. The parties shall equally share the cost of mediation, excluding attorney fees.

13. Although the mutually selected mediator will likely establish the mediation procedures, the parties agree in advance to the following basic procedures:

a. Participants - LMOS shall be represented by Linda P. Hudson, President, Lockheed Martin Ordnance Systems, Inc., or her successor and the IOC shall be represented by Sandra S. Crisp, Chief, Commercial Ammunition Procurement Division, or her successor. The parties may be represented by counsel in a matter before the Mediator. Each party will notify the Mediator and other party of the name, address, telephone and fax numbers of its counsel.

b. Duration - The parties may discontinue the process at any time if they feel the process is no longer productive. If a party chooses to withdraw from the process, the party shall immediately notify the mediator and other participant.

c. Confidentiality and Use of Information - All negotiations, documentation and statements pursuant to this Agreement are considered confidential and shall be treated as compromise and settlement negotiations for the purposes of all applicable rules of evidence and statute, including but not limited to Federal Rules of Evidence (FRE), Rule 408 and 5 U.S.C. Sections 573 and 574. **The parties and the Mediator shall not voluntarily disclose these dispute resolution communications.** The Mediator shall be disqualified as a witness, consultant or expert in any pending or future action relating to the subject matter of the mediation. If the Mediator or the parties receive a demand for disclosure they shall notify the Mediator and other party.

The parties agree to provide the Mediator with all relevant information necessary. The parties also agree to exchange relevant information as recommended by the Mediator. The parties will participate in good faith and agree that personal attacks and inflammatory statements are unacceptable.

14. This Protocol Agreement shall be effective upon the signatures of the representatives, and may be modified or amended by mutual agreement of the parties. Any settlement agreement reached by the parties under this Agreement shall be incorporated into the contract via formal written modification to the contract. No such contract modification will be required if the agreement reached does not effect the contractual rights of the parties.

DATED: 7 Aug 96
BY: Jordan A. Crisp

Principal Representative for the
Industrial Operations Command

DATED: 8/1/96
BY: Syda L. Hudson

Principal Representative for
Lockheed Martin Ordnance Systems, Inc.

ATTACHMENT 1¹

Objectives, Processes and Principles of the Standing Neutral

The Standing Neutral's Objective

The Standing Neutral will act as a neutral third party and not as an agent of any party to the negotiation. The Standing Neutral's responsibility is to facilitate the parties in their own resolution of the issues identified by the parties. The Standing Neutral will endeavor to remain familiar with the HYDRA-70 program through attendance at quarterly program reviews. The Standing Neutral will remain acquainted with milestones, turning points and issues that may become disputes between the parties. It is the intent of the contractual parties to keep disagreements that may fall under the Contract Disputes Act from delaying or adversely affecting the performance of the contract or the relationships of the parties. It shall be the objective the Standing Neutral to assist the parties in achieving this result.

Process

1. The Standing Neutral shall be kept informed about the status of the contract, and specifically about any issues that might arise that may effect contract performance, or may lead to a dispute under the contract. Both parties hold an obligation to keep the Standing Neutral informed. It is expected that the Standing Neutral will be invited to and informed about all quarterly review meetings, or other such discussions relating to contract status.
2. It is anticipated that the parties will not formally engage the service of the Standing Neutral until the parties have attempted settlement through the step negotiation process laid out in the "Issue Resolution Chart" established at the Partnering Conference, and that such negotiations have reached their final step and failed.
3. The Standing Neutral must at all times remain unbiased relating to the parties or an issue in controversy. If the Standing Neutral finds that he cannot be unbiased, or that a conflict of interest might exist, he shall excuse himself from participation in the specific issue creating the bias or conflict.
4. After initial review of the facts, and review of the position papers supplied by the parties, the Standing Neutral shall advise the parties of a recommended resolution to the dispute within 20 working days of the initial conference, or receipt of the parties' written positions in the event the Standing Neutral has requested written positions. This recommendation is not limited to settlement terms, but may include recommendations for further fact finding, continued negotiation, or other actions deemed appropriate by the Standing Neutral to assist the parties in a proper resolution of the issue(s).

¹ Attachment to Alternative Dispute Resolution Protocol Agreement between the Department of Army, Industrial Operations Command and Lockheed Martin Ordnance Systems, Inc. under HYDRA-70 Systems Contract DAAA09-95-C-0028.

Principles

1. The Standing Neutral will inform himself of the facts, issues, positions, interests, documents, and supporting argument relating to a disputed matter. It is the purpose of the Standing Neutral to foster the negotiations between the parties, not to become involved in the substantive issues. The Standing Neutral may do this by:

- a. facilitating communications between the parties:
 - 1) restating positions,
 - 2) clarifying statements and arguments,
 - 3) setting ground rules for discussion (such as no interruptions, no unsubstantiated allegations, etc),
 - 4) separating emotions and personality from the issue

- b. helping clarify the parties' positions:
 - 1) separating facts from allegations,
 - 2) separating legal issues from factual issues,
 - 3) helping the parties narrow and define the issues,
 - 4) finding where the parties agree, and where they disagree,
 - 5) separating the parties stated positions from their real interests
 - 6) striving to obtain first hand knowledge of the facts or talk to those with first hand knowledge

- c. assisting in settlement:
 - 1) finding areas of mutual interest
 - 2) identifying innovative solutions or recommended settlements
 - 3) seeking win-win strategies
 - 4) evaluating the parties positions and advising of logical weaknesses
 - 5) helping the parties to stay focused on the big picture and the Partnering charter

- d. evaluating the parties' approach and the propriety of ADR
 - 1) is the disagreement over a need for revenge
 - 2) do the parties believe that compromise equals defeat
 - 3) is a final third party decision necessary to prevent disruption or recurrence of disagreements in the future
 - 4) are the parties rigidly positioned or unyieldingly confident in their position
 - 5) is there no authority by the parties to settle
 - issue outside of the contract
 - an issue of fraud or other criminal activity might be involved
 - an issue of bankruptcy might be involved
 - no warrant or actual authority granted to a negotiator
 - settlement prevented by policy of the organization

2. The Standing Neutral is not limited to the activities identified above, but is expected to act in accordance with those activities as the Standing Neutral deems necessary. Should ADR not appear appropriate for any of the reasons set forth in paragraph 4. d. above, the Standing Neutral shall identify his concerns with counsel for both parties and the IOC ADR Coordinator.

Appendix G

AMC ADR Program

The objectives of the AMC ADR Program are to adopt an interdisciplinary approach to address disputes and dispute resolution, to design processes to enable the parties to foster creative, acceptable solutions, and to produce expeditious decisions requiring fewer resources than formal litigation.

Definition of ADR

ADR is not a single process or procedure. It is an inclusive term that describes a variety of joint problem-solving techniques that present options in lieu of litigation. ADR encourages the consideration of creative solutions to disputes that are unavailable in traditional dispute resolution forums. It encourages communication between the parties and focuses on the parties' real interests, rather than on their positions or demands, enabling them to address the real concerns underlying the conflict.

Characteristics of ADR

Regardless of the specific ADR process chosen, there are characteristics common to all:

1. **Voluntary**— the parties choose to use ADR.
2. **Expeditious**— avoids components of traditional litigation that prolong and delay dispute resolution.
3. **Controlled by the parties**— the dispute is handled and resolved through an ADR Protocol Agreement in which the parties choose a specific ADR method, outline the specific steps of the process, and establish time periods for each step.
4. **Non-judicial**— rather than turning the case over to a third-party decision-maker who has no stake in the outcome of the dispute, ADR decision-making is in the hands of the parties to the dispute—the stakeholders.
5. **Flexible** — ADR is not a single method of dispute resolution. There are many methods. The parties decide which is best for them.

Examples of ADR Processes

1. Negotiation

- Communication between parties to a suit. The parties seek resolution by listening to each other's view point.
- The basic building block for all forms of ADR.

2. Mediation

- Negotiation facilitated by a neutral third party who does not have power to issue a decision—the parties decide the outcome themselves.
- Assists in clarifying issues, identifying objectives, and managing the process.

3. Fact-Finding

- An impartial third party collects information on the dispute and makes a report about relevant data or issues recommendations.
- Provides an impartial assessment of the dispute for the parties.

4. Arbitration

- The parties choose a neutral person to hear their dispute and to resolve it by issuing a decision which can be advisory or binding.
- Although adjudicative, differs from litigation in that the rules of evidence are not applicable and the process is expedited.

5. Mini-Trial

- Summary presentation of the case to key principals who are chosen by the parties to preside and render a decision.
- A pre-trial agreement establishes the process to include strict time lines on presentation and submission of position papers, and restrictions on discovery and witnesses.

Appendix H

AMC Acquisition ADR Program

Partnering is one of four AMC ADR programs in the acquisition area:

1. Headquarters AMC-Level Protest Program

The Headquarters AMC-Level Protest Program provides a forum at the HQ AMC-level that is an expeditious and less costly alternative to litigation before the General Accounting Office or the Federal courts. In 1995, the AMC-Level Protest Program was named “One of The Ten-Best Government Procurement Practices” by the Office of Federal Procurement Policy. Additionally, Executive Order 12979 (October 25, 1995) mandates an agency-level protest resolution process throughout the Executive Branch of government, modeled after the AMC program. For more information on this ADR Program, or for a copy of a brochure on the HQ AMC-Level Protest Program, contact the Office of Command Counsel Protest Litigation Team, (703) 617-9022.

2. AMC Debriefing Program

We believe that meaningful debriefings for unsuccessful offerors will instill greater confidence in the acquisition process, reduce protests and litigation because of the increased dialogue that characterizes the process, and enhance government-industry relations. To this end, AMC drafted a Debriefing Handbook entitled: “A Practical Guide for Conducting Post-Award Debriefings.” For more information on this program or for a copy of the Handbook, contact the Office of Command Counsel Business Law Team, (703) 617-2302. Copies of the Handbook can also be ordered through the Defense Technical Information Center, 1-800-225-3842.

3. Contract Dispute Resolution Program

Traditional contract dispute resolution litigation is expensive, time-consuming, and often characterized by program delays, contributing to a breakdown in the relationship between the government and the contractor. AMC has designed a contract dispute ADR program that substantially reduces dispute resolution time. This ADR procedure is fast, fair, and affordable for both government and industry. For more information on this ADR initiative, contact the Office of Command Counsel Business Law Team, (703) 617-2302.

4. Partnering—the subject of this Guide.

Appendix I

Partnering Performance Survey

Title: Integrated Product Teams Plan
Owner: ISD Department
Doc #: PD-11-T



Effective Date: July 12, 1995
Recertification Date: July 12, 1997
Version: 1.0

5.1 Team Effectiveness Survey

(PD-11 paragraph 3.6.4 Task Step 6)

Team Effectiveness Survey

Date: _____

Team Name: _____

Program Name: _____

Instructions:

This survey is a leadership tool to assess and improve team **PERFORMANCE**. Please read each of the statements listed below, and circle the number (1-5) which best describes your response to each.

Evaluation Criteria:

- 1 = Strongly Agree
- 2 = Agree
- 3 = Neither Agree nor Disagree
- 4 = Disagree
- 5 = Strongly Disagree

Purpose

- | | |
|---|--|
| | -- 1 = Strongly Agree
5 = Strongly Disagree |
| 1 Our team has a common mission (purpose) that all members can describe and are committed to. | 1 2 3 4 5 |
| 2 We have measurable performance goals which are clear, challenging, and relevant to our mission. | 1 2 3 4 5 |
| 3 We have well-defined strategies for achieving our goals. | 1 2 3 4 5 |
| 4 My role and the role of others is clear. | 1 2 3 4 5 |

Empowerment

- | | |
|--|-----------|
| 5 I feel a personal sense of power through my membership on the team; I believe that we can truly make a difference. | 1 2 3 4 5 |
| 6 I have access to the skills and resources necessary to perform my role. | 1 2 3 4 5 |
| 7 Our policies and practices support our team objectives (e.g. team norms, processes). | 1 2 3 4 5 |
| 8 There is mutual respect among team members and a willingness to help others. | 1 2 3 4 5 |

Relationships and Communication

- | | |
|---|-----------|
| 9 All members of the team express themselves openly and honestly. | 1 2 3 4 5 |
| 10 There is a sense of warmth and understanding in our team's interactions. | 1 2 3 4 5 |
| 11 We spend a lot of time together -- developing strategies, solving problems, and doing "real work". | 1 2 3 4 5 |
| 12 We actively listen to each other. | 1 2 3 4 5 |
| 13 Differences of opinion and perspective are welcomed. | 1 2 3 4 5 |

(Continued on the next page)



Team Effectiveness Survey (Cont.)

1 = Strongly Agree
5 = Strongly Disagree

Flexibility

- | | | | | | |
|--|---|---|---|---|---|
| 14 We all "pitch in" and perform different roles and functions, as needed, to meet critical team milestones. | 1 | 2 | 3 | 4 | 5 |
| 15 We share responsibility for team leadership and development. | 1 | 2 | 3 | 4 | 5 |
| 16 Our team is adaptable to changing demands and requirements. | 1 | 2 | 3 | 4 | 5 |
| 17 Various ideas and approaches to solving problems are actively explored. | 1 | 2 | 3 | 4 | 5 |

Optimal Performance

- | | | | | | |
|---|---|---|---|---|---|
| 18 The productivity (output) of our team is high. | 1 | 2 | 3 | 4 | 5 |
| 19 The quality of our work is excellent. | 1 | 2 | 3 | 4 | 5 |
| 20 Our decision-making process is timely and effective. | 1 | 2 | 3 | 4 | 5 |
| 21 We have an effective process for team problem-solving. | 1 | 2 | 3 | 4 | 5 |

Recognition and Appreciation

- | | | | | | |
|--|---|---|---|---|---|
| 22. My contributions to the team are appreciated by the team leader and other members. | 1 | 2 | 3 | 4 | 5 |
| 23. As a team, we recognize and celebrate our accomplishments. | 1 | 2 | 3 | 4 | 5 |
| 24. I feel respected by other members of the team. | 1 | 2 | 3 | 4 | 5 |
| 25. Our team's contributions are valued and recognized by the larger organization. | 1 | 2 | 3 | 4 | 5 |

Morale

- | | | | | | |
|--|---|---|---|---|---|
| 26 There is a strong sense of cohesion and spirit on our team. | 1 | 2 | 3 | 4 | 5 |
| 27. I feel confident that we will achieve our goals, and I am motivated to make it happen. | 1 | 2 | 3 | 4 | 5 |
| 28. I feel a sense of pride and satisfaction about my work. | 1 | 2 | 3 | 4 | 5 |
| 29. We have fun, and laughter is common at team meetings. | 1 | 2 | 3 | 4 | 5 |
| 30. I feel good about my membership on the team. | 1 | 2 | 3 | 4 | 5 |

Comments: _____



5.2 Program Effectiveness Survey

Program Effectiveness Survey

Instructions:

This survey is a tool to help assess and improve program performance. Each characteristic has a graduated scale. After reading the statement, please circle the number that best indicates your opinion of the program's effectiveness for this characteristic. Space is provided at the end of the survey for any additional information you wish to include.

Evaluation Criteria:

- 1=Strongly Agree
- 2=Agree
- 3=Neither Agree nor Disagree
- 4= Disagree
- 5=Strongly Disagree

Program Characteristic

1 = Strongly Agree
 5 = Strongly Disagree

- | | | | | | |
|--|---|---|---|---|---|
| 1. Communications between program members, customers, and teammates are open and productive. | 1 | 2 | 3 | 4 | 5 |
| 2. The program members understand and agree on their collective responsibilities, goals, and objectives. | 1 | 2 | 3 | 4 | 5 |
| 3. Good teamwork and trust with the subcontractors has been established. | 1 | 2 | 3 | 4 | 5 |
| 4. Good teamwork and trust with the Customer has been established. | 1 | 2 | 3 | 4 | 5 |
| 5. Good teamwork and trust between Teams and Team Members has been established. | 1 | 2 | 3 | 4 | 5 |
| 6. Morale on the program is high and the personnel are highly productive. | 1 | 2 | 3 | 4 | 5 |
| 7. There is a high degree of trust among program members. Conflict is dealt with openly and is resolved. | 1 | 2 | 3 | 4 | 5 |
| 8. Meetings are productive and effective. The meetings have a stated objective and agenda. | 1 | 2 | 3 | 4 | 5 |
| 9. The program has well established approaches to problem solving and decision making through consensus. | 1 | 2 | 3 | 4 | 5 |
| 10. Everyone understands their role and responsibility as well as the others. Everyone is willing to assist. | 1 | 2 | 3 | 4 | 5 |
| 11. There is full participation in meetings with all program members taking an active role. | 1 | 2 | 3 | 4 | 5 |
| 12. Program members act as an integrated team, coordinating and cooperating with one another. | 1 | 2 | 3 | 4 | 5 |
| 13. Program management always supports team commitments and decisions. | 1 | 2 | 3 | 4 | 5 |
| 14. Functional management always supports team commitments and decisions. | 1 | 2 | 3 | 4 | 5 |
| 15. The requirements baseline is stable. No deviations exist and a change management process is used. | 1 | 2 | 3 | 4 | 5 |
| 16. The technical baseline is stable. It has been reviewed and approved. | 1 | 2 | 3 | 4 | 5 |

(Continued on the next page.)

Program Effectiveness Survey (Cont.)

<u>Program Characteristic</u>	1 = Strongly Agree 5 = Strongly Disagree				
17. The amount of staff on the program is correct, has the correct technical skills, and is fully utilized.	1	2	3	4	5
18. The team identifies issues before they develop into serious problems. Planning and schedule activities are put in place to avoid them. Issues are tracked to closure.	1	2	3	4	5
19. The program management is excellent. They have the trust and confidence of the program members.	1	2	3	4	5
20. Members know and understand the current status and are able to report accurately. There are never any surprises.	1	2	3	4	5
21. The program has a mutually agreed upon risk management plan and has implemented it.	1	2	3	4	5

Do you have any suggestions for improvements to the items noted above?

Do you have comments on any other areas not previously identified (either positive or negative)?

Appendix J

Metrics

A List/Baseline Of Things To Look At To Assess The Success Of Your Partnering Efforts

The parties entering into the Partnering Agreement must identify a method to measure the impact Partnering has on contract performance. We strongly recommend that the parties keep these metrics in mind as they move through the contract and build their Partnering relationship. Although each contract will have unique goals and objectives identified at the Partnering Workshop, it is imperative that the Partners agree upon a tool or method to measure each goal and objective. The Workshop facilitator should be able to assist in developing such metrics. The following are a few examples of specific contract performance items and components of a solid business relationship that could be measured during, as well as at the completion of, each Partnered contract.

Cost: There is no doubt that a comparison of the cost objectives with actual incurred costs on the contract is an appropriate measurement of the impact Partnering has had on contract performance. Whether the contract is cost reimbursement or fixed-price is not critical. Under a cost reimbursement contract, the government would incur greater risk if costs were not controlled, while under a fixed-price-contract the contractor would incur greater risk. In either case, however, both of the Partners may suffer when costs are not properly controlled, as this often precludes the accomplishment of their objectives.

Quality: The government has many ways to measure quality once the product or service is delivered (*i.e.*, number of Quality Deficiency Reports, Reports of Item Discrepancy, warranty claims). However, a measurement of the contractor's in-house quality performance can be a far more crucial element in determining the success of Partnering. By identifying in-house quality measurement tools and reports, and having both parties share the responsibility for analyzing and resolving issues that contribute to poor quality prior to delivery, the likelihood increases significantly that quality performance will be achieved. The parties must recognize that a sound contractor quality program will ensure the product/service delivered meets the terms of the contract and the user's needs. It will reduce rework and improve the probability of remaining within the contract's estimated cost and delivery schedule.

Delivery: Obviously, the ability to meet delivery schedules contained in the contract is a vital element of measuring Partnering success. It is, therefore, critical that the parties continuously communicate during contract performance to ensure that issues which may have an impact on delivery are resolved in a timely manner.

Paperwork: The parties should establish a method to determine if paperwork has been reduced as a result of their Partnering activity. This may be as simple as feedback on follow-up surveys or as complex as recorded logs for outgoing and incoming paperwork. We suggest the more informal approach to preclude the establishment of new reporting procedures or documents. The individuals working the issues associated with the contract can call upon their past experiences to assess whether paperwork actions have been reduced. They can also indicate if the parties are communicating and cooperating to the degree that “self-protection” paperwork is avoided.

Litigation/Claims: One goal included in each Partnered program should be zero claims or litigation events. Significant savings and enhanced contract performance can be achieved by avoiding all claims and litigation. The Conflict Escalation Procedure developed at the Partnering Workshop must be utilized to avoid the necessity for filing a claim(s).

Morale/Satisfaction: The follow-up surveys will reflect how well the parties are progressing in maintaining or improving team morale and satisfying all stakeholders. Each individual committed to the Partnering Agreement should benefit from the experience and find personal satisfaction in successful completion of the contract.

Conflict Escalation Activity: Most issues will be resolved at the lowest level working the contract; however, in some instances, it will be necessary to elevate issues to higher levels for review and resolution. The success of this process can be evaluated through the results of the follow-up surveys and the responses provided by participants regarding the Conflict Escalation Procedure.

Decision-Making Process: Timely decision-making is crucial to successful performance of any contract and will significantly reduce the potential for claims and litigation. Failure to do so will result in frustration on the part of many contract stakeholders and increase the risk that performance will not be completed within the terms of the contract. Feedback received in follow-up surveys will provide information relative to the timeliness, effectiveness and equity of the decision-making process.

Quality Deficiency Reports (QDRs) and Reports of Item Discrepancy (RODs): As mentioned above, these two items will identify post-delivery quality issues. Quantifying the number of QDRs and RODs received on supplies delivered will provide documentary evidence of the extent of successful contract performance. In addition, the manner and timeliness in which the QDR or ROD is resolved will also indicate the commitment parties have made to Partnering.

Percentage Received on Award Fee: Successful and outstanding contract performance may result in achievement of the maximum award fee allowed under the contract terms. Failure to attain performance supporting the maximum, or very near the maximum, award fee could indicate a level of customer/user dissatisfaction that should have been identified during contract performance. If the parties are communicating in a cooperative, open arrangement and the contractor is responsive to the information provided by the customer/user, it should be likely that a high percentage of the award fee will be paid.

Achievement of Profit Objectives: A primary goal of any contract is that the contractor achieve a reasonable profit. Failure to do so would preclude the contractor from classifying the program as a complete success. Even if all performance and quality objectives are met, the short and long term success of that firm is impacted by a failure to meet profit objectives on individual contracts. The contractor personnel can provide general statements on their ability to achieve this goal on fixed-price contracts. The same information can be obtained on cost reimbursement contracts, supported by DCAA confirmation following its review.

Appendix K

Questions & Answers about Partnering

Q-1 What is Partnering?

A The AMC Model Partnering Process, as described in this Guide, is based upon a mutual commitment between government and industry to work cooperatively as a team to identify and resolve problems and facilitate contract performance. The primary objective of this process is providing the American soldier with the highest quality supplies/services on time and at a reasonable price. Partnering requires the parties to look beyond the strict bounds of the contract in order to formulate actions that promote their common goals and objectives. It is a relationship that is based upon open and continuous communication, mutual trust and respect, and the replacement of the “us vs. them” mentality of the past with a “win-win” philosophy for the future. Partnering also promotes synergy, creative thinking, pride in performance, and the creation of a shared vision for success.

Engaging in Partnering is similar to picking a Partner at the office picnic and entering the three-legged race. The Partners have their legs tied together and know that to win the race they must reach the finish line; however, if they run in different directions, do not start at the same time and on the same leg, or do not hold each other up and keep each other out of potholes on the path to the finish line, neither will finish successfully. Similarly, government and industry must work together, communicate their expectations, agree on common goals and methods of performance, and identify and resolve problems early on—or risk bringing both Partners to the ground.

Q-2 Why would I want to become involved in the Partnering process? What’s in it for me?

A Partnering has not only consistently contributed to the success of a variety of programs within AMC, it has also significantly enhanced the morale and professionalism of the individuals who have been involved in the process. By promoting creativity and empowering people with the requisite authority to make binding decisions, in real time, the Partnering process has engendered a uniquely positive outlook and motivation to personally contribute to the accomplishment of the team’s goals and objectives. Most people who have participated in the process report that their ability to focus on and resolve problems and accomplish tasks in a timely manner without surprises, protracted arguments and the necessity for generating endless file documentation, minimizes stress and non-productive time and maximizes job satisfaction. Significantly, many Partnering participants have indicated that they would not want to work on a future project that was not Partnered.

Q-3 How can we financially afford to Partner in an environment in which acquisition budgets are consistently being reduced?

A The fact is that in today's environment of dramatically reduced defense budgets, we can no longer afford not to Partner. Although the Partnering process does entail an upfront investment to cover the costs of contracting with a facilitator and conducting the Partnering Workshop, experience has repeatedly demonstrated that these initial expenses are minimal compared to the significant savings realized in the cost of contract performance for both the government and the contractor.

Q-4 Isn't the additional time necessitated by the implementation of the Partnering concept inconsistent with the increasing emphasis on acquisition streamlining and cycle time reduction?

A No. It is true that implementation of the Partnering process, particularly among individuals or organizations unfamiliar with the concept, requires an initial investment of time both in preparing for and conducting the Partnering Workshop. However, experience has consistently demonstrated that Partnered contracts result in earlier contract completion. In fact, the Partnering process facilitates the accomplishment of acquisition streamlining and cycle time reduction objectives.

Q-5 How can a manpower-intensive process like Partnering be implemented in an environment in which the government and industry are downsizing?

A Although implementation of the Partnering process requires the active participation and involvement of all government and contractor stakeholders, it is not, in fact, a manpower-intensive process. Rather, through its focus upon open communications; the empowerment of the primary players and clear definition of their roles and responsibilities; the early identification of "Rocks in the Road" and formulation of an Action Plan for their prompt resolution; the avoidance of surprises; the significant reduction in paperwork; the development of a Conflict Escalation Procedure; and the elimination of litigation, the Partnering process is, in reality, a workforce multiplier, the utilization of which is absolutely essential to our future success.

Q-6 Aren't the personnel and budgetary costs attributable to Partnering disproportionate to any potential benefits which can be obtained?

A No. Experience has repeatedly demonstrated that the personnel and financial investment in the Partnering process is far outweighed by the benefits which consistently result from the utilization of this technique.

Q-7 Isn't Partnering simply a new "buzzword" for the team concept that has always been used in the administration of government contracts?

A No. The team approach which has historically been employed in the administration of some government contracts is significantly different from the Partnering concept. Generally, in "traditional" contract administration, when teaming is used, there is a govern-

ment team and a contractor team that, for the most part, work independently. When the Partnering process is utilized, the government and the contractor approach contract performance as a single, interdependent unit whose objectives, focus and daily interaction are guided by the terms of the Charter which they themselves developed. Even when an inter-organizational team philosophy has been adopted, the parties usually do not have a process in place to implement that philosophy. The AMC Model Partnering Process provides the blueprint for that implementation.

Q-8 Are there formalized rules for the implementation of the Partnering process or is it flexible enough to allow for tailoring as necessary to meet the needs of individual programs?

A There are no formalized rules for the implementation of Partnering. However, use of the AMC Model Partnering Process, tailored as necessary to achieve the objectives of individual programs, is recommended.

Q-9 Is the Partnering Charter a legally enforceable agreement?

A No. The Partnering Charter is not a contractual agreement and does not create, relinquish or conflict with the parties' legally binding rights or duties.

Q-10 What is the relationship between the Partnering Agreement and the contract?

A While the contract establishes the legal relationship between the parties, the Partnering Agreement establishes their business relationship. The Partnering Agreement constitutes a mutual commitment by the parties on how they will interact during the course of the contract with their primary objective being successful and timely contract performance.

Q-11 Can the Partnering Agreement be used to alter, supplement or deviate from the rights and obligations of the parties set forth in the contract?

A No. The Partnering Agreement cannot be used to alter, supplement or deviate from the terms of the contract, nor can it affect the legal responsibilities or relationship of the parties.

Q-12 Won't the relationship between the government and the contractor engendered by the Partnering process undermine and/or preclude the enforcement of the parties' contractual rights?

A No. Engaging in the Partnering process does not require either party to relinquish or waive its contractual rights or to take any action that is inconsistent with its best interests. The Partnering process is, however, based upon the parties' commitment to communicate openly and honestly, to expeditiously identify and resolve problems without the necessity for litigation, and to work cooperatively as a team to accomplish their mutual goals and objectives.

Q-13 Wouldn't it be improper for the government to become involved in or facilitate the contractor's efforts to comply with the terms of the contract (i.e., to deliver conforming supplies/services on time and within the estimated cost/price)?

A No. On the contrary, it is entirely appropriate and in the best interests of both parties for the government to team with the contractor in order to facilitate and streamline contract performance. In today's environment of personnel downsizing and dramatically reduced defense budgets, we can no longer afford to approach contract administration in a traditional "us vs. them" manner. It is imperative that we employ creative, "outside the box" thinking and accept the risks inherent in trying something new, in order to maximize our ability to provide America's soldiers with the most technologically advanced and reliable equipment in a timely manner.

Q-14 Doesn't implementation of the Partnering concept alter the traditional relationship between the government and industry?

A Yes. The Partnering process replaces the passive, independent, "hands off" philosophy of the past—an approach which experience has shown to be both ineffective and manpower-intensive—with a proactive, interdependent, team-based approach for the future, a strategy which has already generated significant dividends throughout AMC.

Q-15 Does the execution of a Partnering Agreement mean that disagreements between the parties will no longer be permissible?

A No. Execution of a Partnering Agreement does not mean that the parties have somehow attempted to do the impossible—to preclude disagreements from arising during contract performance. On the contrary, the Partnering Agreement specifically anticipates the development of problems and conflicts and establishes a series of mechanisms designed to expeditiously resolve them at the lowest possible organizational level in order to streamline contract performance and avoid the significant expense and delays attributable to litigation.

Q-16 If disputes occur during contract performance, does this mean that the Partnering process has been unsuccessful?

A No. The Partnering process specifically recognizes that disputes may arise during contract performance and establishes a methodology for their prompt resolution without the necessity for litigation.

Q-17 Doesn't the inclusion of Alternative Dispute Resolution provisions in the Partnering Agreement indicate that the parties anticipated that the Partnering process would fail?

A No. Partnering is an integral part of the AMC Alternative Dispute Resolution (ADR) program. The intent of the Partnering process is not to eliminate conflict, but rather to manage it, so that conflict does not prevent or delay the achievement of the parties'

overriding goals. Some issues may not be resolvable using the Conflict Escalation Procedure. When this happens, other ADR techniques, specifically selected by the parties, are used to apply different tactics in order to facilitate the timely resolution of conflict. ADR is not a sign of failure, but rather a continuation of the parties' commitment to successful performance without the necessity for litigation.

Q-18 Is the Partnering Agreement developed in conjunction with an individual contract applicable to all subsequent contractual relationships between the government and the contractor?

A No. Assuming that both the government and the contractor wish to engage in the Partnering process on a continuing basis, each contractual endeavor between them must include individually designed and tailored Partnering Agreements reflecting the unique aspects and circumstances of each program (e.g., the parties' goals and objectives; "Rocks in the Road"; and Conflict Escalation Procedure). It is noted that AMC does have experience with the use of Overarching Partnering Agreements (*see Appendix C*) in which senior management from the government and industry formalize their commitment to utilize the Partnering process in the performance and administration of each of their subsequent contractual efforts. Even in these instances, however, the parties specifically recognize the necessity to formulate individually designed Partnering Agreements for each of those contracts.

Q-19 Does the Partnering process have to be utilized on all contracts over a certain dollar value or of a particular duration?

A No. Use of the Partnering process is never mandatory. The personal commitment, open communications and "outside the box" thinking which form the foundation for the Partnering concept necessitate its voluntary acceptance and utilization by both government and industry. Nevertheless, in selecting acquisitions for Partnering, contracts of two years' duration or longer are generally preferred. If the Partners are familiar with or have experience with the process, however, its use on shorter contracts is recommended.

Q-20 Is Partnering limited to use in sole source contracts?

A No. The Partnering process can be employed in conjunction with both sole source and competitive contracts.

Q-21 Can the Partnering process be utilized with any type of contract?

A Yes. The Partnering process can be employed in conjunction with any contract type.

Q-22 Is it advisable to use the Partnering process when potentially complex and controversial issues are anticipated during contract performance? When potential industry or government Partners have traditionally been uncooperative or adversarial?

A Yes. The Partnering process is most valuable and provides the greatest benefit to the parties when used in conjunction with technically complex efforts or in situations where prior contract performance has been poor or there has been a history of adversarial relationships between the government and the contractor.

Q-23 When should the government first communicate to industry its desire to utilize the Partnering process in conjunction with a particular program?

A The government's desire to utilize the Partnering process in conjunction with a particular program or series of programs should be communicated to industry as early in the acquisition process as possible. As discussed in this Guide, both the government and industry are strongly encouraged to suggest the use of Partnering. These discussions can take place during Advance Planning Briefings for Industry and, with respect to specific programs, in draft solicitations published on a command's Electronic Bulletin Board as well as during Pre-Solicitation and Pre-Proposal Conferences.

Q-24 Does the enhanced level of communications between the government and industry necessitated by the Partnering concept increase the potential for violation of procurement integrity and/or standards of conduct rules?

A The existence of a Partnering Agreement between government and industry is not an exception to, inconsistent with, or a waiver of any of the rules relating to procurement integrity and standards of conduct. Notwithstanding the fact that enhanced communications between the parties is the foundation of the Partnering concept, it is imperative that the parties recognize that the Partnering relationship cannot be used as a vehicle for the dissemination or exchange of any competition sensitive, source selection or proprietary data or for the premature or unilateral release of acquisition-related information prior to its publication to industry in general.

Q-25 Doesn't the Partnering process encourage the implementation of constructive changes to the contract?

A No. The Partnering process encourages the parties to communicate openly on a continuous basis, promotes the establishment of a cooperative relationship based upon trust and honesty, and specifically empowers the stakeholders, starting at the lowest organizational level, to work together as a team to expeditiously resolve problems. It cannot, however, be used to alter, supplement or deviate from the terms of the contract or affect the legal rights and obligations of the parties. Any changes that are made to the contract must be executed in writing by the Contracting Officer.

Q-26 Won't employee turnover within the government and industry undermine the success of the Partnering process?

A Significant employee turnover within the government and/or industry can potentially undermine the success of the Partnering relationship. It is, therefore, imperative that when personnel changes are experienced, particularly among the “Champions” or primary stakeholders, the new Partnering participants be familiarized immediately with and embrace the process, especially the necessity for open and continuous communication. Follow-up workshops can be employed to reinforce the critical components of the process (e.g., goals and objectives; “Rocks in the Road”; and Conflict Escalation Procedure) and to assure the continuing commitment of the parties.

Q-27 Is the Partnering process consistent with the requirements of the Competition in Contracting Act?

A Yes. Although the Partnering process is based upon trust, open communications, and the development of a close working relationship between the government and industry, it is not an exception to the Competition in Contracting Act (CICA) nor a mechanism through which the requirements of CICA can be circumvented.

Q-28 Is it imperative that a facilitated Partnering Workshop be conducted?

A No. Although many of the activities encompassed within a facilitated Partnering Workshop can be, and have been, accomplished by program participants on their own, it is strongly recommended that a professional facilitator experienced in the Partnering process be utilized. The facilitator is an objective, neutral, “honest broker” whose participation accelerates the successful implementation of the Partnering effort by minimizing skepticism and bias, keeping the parties focused on the Partnering process and playing a pivotal role in the development of the Charter, the “Rocks in the Road”, the Conflict Escalation Procedure, and metrics for the assessment of program success.

Q-29 When is the best time to conduct the Partnering Workshop?

A The best time to conduct the Partnering Workshop is as soon as possible after contract award. The Workshop can often be held in conjunction with the Post-Award Conference.

Q-30 Who should attend the Partnering Workshop?

A The Partnering Workshop must include, at a minimum, all “stakeholders” within both government and industry. Stakeholders are individuals who play a critical role in ensuring program success. This includes anyone who is in a position to disrupt contract performance or “throw a monkey wrench” into the process (e.g., Program Manager, Procuring Contracting Officer, user representatives, the testing community and contract administration personnel).

Q-31 Where should the Partnering Workshop be held?

A It is recommended that, where feasible, the Partnering Workshop be conducted at a neutral site away from the workplace. This approach contributes to the parties' uninterrupted focus on the Partnering initiative, negates any concerns over favoritism or "turf", and minimizes the potential for participants to be called away for other work-related matters.

Q-32 Who pays for the Partnering Workshop?

A The source of funding for the Partnering Workshop must be determined on a case-by-case basis. Generally, however, the Partners share the costs of conducting the Workshop (hiring the facilitator, renting the Workshop facility, etc.) and pay their own costs related to transportation, lodging, per diem and salaries.

Q-33 Can an offeror's willingness to Partner in the future or its prior experience with the Partnering process be evaluated in conjunction with the source selection process? Should Partnering be specifically identified as an evaluation factor or sub-factor?

A Since Partnering is neither a contractual requirement nor a process whose use should ever be mandated by the government, it should not be identified as an evaluation factor or sub-factor in the source selection process. Depending upon the structure of the evaluation scheme in negotiated acquisitions, however, an offeror can and should be given evaluation "credit" for successful prior Partnering efforts as part of the evaluation of the Performance Risk/Past Performance Factor. This can be accomplished either through direct recognition of the benefits derived from the offeror's previous Partnering experiences or indirectly through an overall assessment of the offeror's performance on prior contracts that were Partnered. Furthermore, the offeror's desire to engage in Partnering during the contract to be awarded, as well as its approach for the implementation of the process and strategy for the enhancement of communications and timely contract performance, could be appropriate for consideration in the evaluation of the Management Factor.



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