




## Department of Energy

Washington, DC 20585

December 10, 2010

### MEMORANDUM FOR DISTRIBUTION

FROM:

DAE Y. CHUNG   
PRINCIPAL DEPUTY ASSISTANT SECRETARY  
FOR ENVIRONMENTAL MANAGEMENT

SUBJECT:

Partnering Policy for the Office of Environmental Management

As we journey on the road to excellence, we have embraced seven goals to focus our energies on achieving the Office of Environmental Management (EM) vision. In support of Goal # 6, to improve contract and project management with the objective of delivering results on time, and within cost, the Assistant Secretary for EM introduced a new partnering policy applicable to all EM contracts. It is premised on the notion that unless the contractor is successful, the program itself cannot be successful. The working relationship is based on a mutual set of goals and objectives by participants in the contract. Although partnering is not a formal legally binding relationship, it provides a framework for cooperation.

In addition to the Partnering Policy (Attachment A), EM has established a partnering clause (Attachment B) which is applicable to all EM contracts and a partnering session draft agenda for EM sites (Attachment C). I have identified a proposed list of contracts which are candidates for immediate implementation for the partnering policy (Attachment D).

I request that you review the proposed list of contracts which are candidates for immediate implementation and if applicable identify a revised list for partnering by December 22, 2010. Send the revised list to Reggie James, Office of Contract Assistance, at [Reggie.James@hq.doe.gov](mailto:Reggie.James@hq.doe.gov) and include a list of contracts you propose to implement for partnering and indicate the month that you will commence the partnering session with each contractor.

If you have any questions, please contact Mr. J. E. Surash, Deputy Assistant Secretary for Acquisition and Contract Management, at (202) 586-6382.





**Department of Energy**  
Washington, DC 20585

**SEP 01 2010**

**MEMORANDUM FOR DISTRIBUTION**

**FROM:**

**J. E. SURASH** *J. E. Surash*  
**DEPUTY ASSISTANT SECRETARY**  
**FOR ACQUISITION AND CONTRACT MANAGEMENT**

**SUBJECT:**

**Partnering Policy for the Office of Environmental Management**

In regard to the June 30, 2010 memorandum from Assistant Secretary Triay on same subject, I am providing you the attached outline. Please review and provide comments to Mr. Reggie R. James, Acting Director, Office of Contract Assistance by September 17, 2010 at [Reggie.James@hq.doe.gov](mailto:Reggie.James@hq.doe.gov).

If you have any questions, please contact me at (202) 586-6382.

**Attachment**

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L. Adams, SR  
A. Welton, CBFO  
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S. Sieracki, RL



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John R. Eschenberg, Assistant Manager for Environmental Management, Oak Ridge Office  
(OR)

# **Draft Guidelines for Partnering-Based Contract Management**

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## **1.0 Purpose**

The purpose of this document is to provide guidance and procedures for the partnering process with EM prime contractors. It will also detail policy and process for implementing this new approach to contract management.

## **2.0 Policy**

The EM policy will be to establish partnering agreements on all contracts, large and small. These agreements will follow a process intended to foster better communication and problem solving, and a mutual trust among the participants. This will create a climate in which issues can be raised, openly discussed, and jointly settled, without getting into an adversarial relationship. For each contract there will be a Partnering Performance Agreement which will establish formal lines of communication, coordination, issue resolution and operating procedures.

## **3.0 Applicability**

This policy applies to all of EM. All newly awarded contracts will be subject to the provisions of this guideline. Existing contracts will be evaluated on an individual basis for retrofitting a Partnering Performance Agreement.

## **4.0 Responsibilities**

The Deputy Assistant Secretary for Contract Management will have overall responsibility for Partnering Policy and ensuring consistent application of the policy across EM. Implementation of the policy rests with each of the Site Managers. Each field site is to designate a Partnering Champion to the Deputy Assistant Secretary who will be responsible for planning and overseeing all partnering activities at the site.

## **5.0 Where to Begin?**

Partnering with our contractors will become an integral part of the approach for each contract awarded in EM. Partnering planning needs to begin at the Acquisition Strategy Meeting. At this meeting, Project Managers should include tentative workshop dates as milestones in their project schedules. It needs to begin early—prior to contract award and before initiating transition discussions with the contractor. Each Request for Proposal (RFP) should contain specific language that the contract will be based on a Partnering approach.

## **5.1 Obtaining Commitment from Top Management**

Because of the additional efforts and up-front investment required for Partnering, top levels of management in all participating organizations must be fully committed to the concept and process and be willing to buy into the sharing of risk-taking involved. Without this commitment and active support the process will have less chance of success. The commitment needs to be from the top down. The CEO's of each organization should be approached with an explanation of the advantages of Partnering and their open support should be assured.

## **5.2 Identify a "Sponsor" or "Champion"**

No matter how strong the commitment of management and the participants, the Partnership will not run itself. Since Partnering promotes success in achieving goals of quality, schedule, and cost that are of paramount interest to the key personnel identified by the contractor as well as the initiating EM organization, they share the work associated with the Partnering process. However, it takes the entire Project Team, both Federal and contractor, to make it work and tasks should be delegated to all members.

## **5.3 Plan the Partnering Workshop**

In order to set the tone for working relationships the Partnering Workshop should be scheduled as soon as possible after contract award. Holding it away from the work place contributes to team development—there are fewer distractions and participants can focus on building team relationships. To have a successful first meeting of the partnership its design must be sketched out in detail.

### **5.3.1 Planning Items**

1. Establish co-champions
2. Choose the facilitator
3. Choose the participants, as to:
  - Organizations
  - Members
  - Levels
  - Who needs to be there
4. Determine date and location of workshop
5. Gain buy-in by top management of participants
6. Determine who pays for facilitator, meeting room
7. Determine objectives and communicate them, particularly with the facilitator
8. Agree on any pre-readings
9. Invite participants appropriately (no generic letters!)
10. Provide invitation, map, pre-readings, list of expected participants, agenda, and attire

### **5.3.2 Agenda Framework**

1. Getting Better Acquainted as People
2. Introduction and Welcome
  - What Partnering Is/Isn't
  - Objectives of the Workshop
  - Review the Agenda and Ground Rules
  - Understanding of Roles and Responsibilities
  - Get Expectations on the Table
3. Identifying Issues and Concerns
  - These should front both sides of the relationship
  - Get off on the right foot, adopt an approach of "no surprises"
4. Establish goals and get:
  - Understanding
  - Commitments
  - Buy-in by top management and lower level staff
5. Complete a written charter, the Partnering Performance Agreement
  - Mission of the Team on this project
  - Performance Goals
  - Communication Goals
  - Dispute Resolution Process
  - Plan to measure/track goals and success
  - Logo, if desired
6. Discuss "Next Steps" (ask the group)
  - First team meeting and evaluation
  - Publish and post the Agreement, make it a core value of the Team and send it out
  - Bringing new partners aboard as the project moves along—how, who's responsible?
  - Evaluation of goals and expectations
7. Wrap-up: What Partnering Is/Isn't (reprise!)

### **5.3.3 Suggestions**

1. Describe the role of conflict
  - Not necessarily bad.
  - Communicates position to team members.
  - Partnering will not eliminate conflict.
  - Conflict management strengthens the team.
2. Do total group work to stretch across functional areas and establish a teamwork atmosphere (brainstorming is a bonding activity).
3. Do small group work (5 to 7 people) to focus discussion, flesh out problems and solutions and cover many topics simultaneously.
4. Always present group work to approve or amend it.
5. Provide an environment comfortable for all.

## **5.4 Select Participants**

The Project Team in coordination with all other partners, Federal and contractor, should decide what management level participation is necessary and identify the functional element requirements to make the partnership successful. Once functional elements are identified, discuss what each brings to the project and their respective importance. Developing a matrix along these lines allows everyone to see how the makeup of the partnership takes shape. Keeping the number of participants under 20 is a good idea. It is essential to determine the level of participation required, e.g., Executive, Field or Project Manager level. If people who are crucial to the success of the Partnership won't participate, ask top management to weigh-in or don't Partner the project.

The Partnering Team will be determined by the size and complexity of the contract. Clearly a multi-billion dollar contract will require a Partnering Team at the senior levels of both EM and the contractor organization while a multi-million dollar support service contract would not. But in either case, this is one of the most important decisions in the Partnering process. These are not symbolic gestures, these are working teams and those who are on the Team must be prepared to participate as such.

Success will be dependent upon teamwork characterized by open and effective communication while always adhering to the highest of professional standards. The partnership would be bilateral in makeup and participation will be totally voluntary.

## **5.5 Facilitator**

Although not necessary to the process, a neutral facilitator can be very helpful in organizing the workshop agenda and providing training in conflict management, listening and communication skills. The facilitator manages the process of the workshop (not what is decided, but how these decisions are made) but is not essential to the concept. Most meetings would benefit from having a facilitator present. She/he must be reasonably neutral on the subject under discussion and have a primary goal of reaching consensus among the team.

## **5.6 Facilitator Requirements**

Facilitators should be allowed maximum creativity in designing the Partnering Workshop. Their purpose is to create an atmosphere in which the partnering principles of trust, open communication and ensuring each stakeholders' success, can take hold and grow. To achieve this, it is important that they know:

- Background about the project
- Potential conflicts
- Objectives / goals
- Likely problem areas

- Specific expectations
- Length
- Format
- Read-ahead material
- Importance of small group discussions and presentations
- Subsequent documentation

The substance and successful outcome of the workshop are far more important than the mechanics of conducting it. However, if there is little or no structure to the agenda there will be no perception of progress or accomplishment.

## **5.7 Format for Partnering Workshop**

Notwithstanding the advice offered above, some formats work better than others. Having group exercises followed by presentations are a big plus; having groups work on different questions specific to the project is even better. Length of the workshop depends on your objectives and the number of people attending. Generally two days seems to be a good period in which to impart a sense of being a member of the team. For a small group, or one well versed in partnering, one day may suffice. The following is a recommended format for two-day workshops.

- Communication guidelines and ground rules
- General Partnering concepts
- Understanding and managing conflict which should include issue resolution ladder
- Choosing a Partnership name
- Improving Team communications
- Developing a Mission Statement
- Small group/teams topic discussions
- Developing Partnership goals
- Stages of Team evolution
- Follow-on tasks for the Partnership

## **5.8 Conducting the Workshop**

### **5.8.1 Read-Ahead Material**

To realize the greatest benefit from the Partnering Workshop, everyone attending should be provided with read-ahead material. This should include the workshop agenda, an introduction to the partnering concept, background information on topics to be presented by the facilitator, project oriented discussion points and, most important, advance notice to begin thinking about what they want to achieve. The read-ahead material should get participants involved and raise expectations of success.



### **5.8.2 *The Partnering Performance Agreement***

Getting to the Partnering Performance Agreement requires the Team to identify goals, develop a plan to achieve them, and draw up an agreement committing to the goals. The Agreement, with a well defined mission statement, is signed by all who participated in its development and should be displayed in prominent project related locations. It will prove invaluable in case of changes in personnel, funding, or priorities and will facilitate partners becoming comfortable working with one another and establishing a level of trust and confidence. The Agreement should include objectives that will provide measurable milestones for success of the project. The objectives should be specific and should be the framework for an implementation plan that fills out the objectives by including measurable details.

### **5.8.3 *Development of an Issue Resolution Process***

Since no project can be completed without the need to solve problems and resolve conflicts, conflict management and problem-solving skills should be a part of the workshop as well. The team must develop a problem-solving strategy that enables team members to address problems quickly and efficiently. "No action" on a problem is not an option! Problems that are not addressed sow the seeds of discord and division for the team. Expedited negotiations and alternative dispute resolution (ADR) techniques offer methods for successful resolution of problems.

In the workshop, the key players design their own systems for resolving issues on the project. Specific teams composed of personnel from the various stakeholders, who are knowledgeable about their particular technical portions of the contract, discuss potential problems and the way they would like to see them handled. They decide how issues that can not be resolved at their level will be escalated to the next level in a timely fashion so that the decision-making process becomes more efficient and cost delays are avoided. Conflicts are inevitable in any human endeavor, therefore key players should be encouraged to escalate to the next level of management the issues they are unable to resolve themselves. Escalation saves time and money. It may prevent the stakeholders from taking a rigid position and thus keep a relatively minor issue from becoming a claim. Most importantly, it may preserve the working relationship of the key players.

## **5.9 *The Partnering Performance Agreement***

The end product of the workshop will be the Partnering Performance Agreement. A sample such agreement is located at Attachment A. These agreements establish the high level performance goals for both the government and the contractor and must represent "ownership" by both entities. It is meant to join the government and the contractor in the pursuit of mutual success. If the contractor fails, so does the government. Likewise, success is shared by all.

The Agreement should be tailored to the specific requirements of the contract. This is intended to set the tone for contract performance and should not be a detailed contract implementation plan. Set the mutual goals at a high enough performance threshold so that you are not

renegotiating the terms of the Agreement as soon as the ink is dry. But make the goals the important success factors that will guide the performance through the duration of the contract.

The signatories for each Agreement will differ based on the value and complexity of the contract—the higher the dollar value and complexity, the higher in rank should be the signatories. As mentioned earlier, this decision should be made in the planning phases of acquisition planning.

## **5.10 Administering the Agreement**

For each Agreement, there needs to be an Administration Plan. This plan should detail the frequency of meetings and reporting to assess progress, or not, against the goals of the Agreement. Typically there will be monthly reports followed up by quarterly meetings of the signatories to evaluate progress against the Agreement. The Administration Plan should include specific conflict dispute provisions and hierarchical government-to-contractor levels of engagement by name and title. Every attempt should be made to resolve disputes at the lower levels of the Plan.

## **5.11 Follow-up**

A maintenance plan is recommended for the partnership to grow and to ensure adherence to the partnering agreement. Follow-up sessions should be planned to reinforce team building and to assess the progress of the partnership. These activities are vital. The initial workshop focuses on changing the attitudes of the participants from the traditional "us" and "them" to the team-spirited "we." The change in paradigm needs periodic reinforcement to prevent returning to old habits and attitudes. Remain flexible. If the plan is not working well, change it! Regularly scheduled meetings among partners will be vital to achieving Partnership goals.

## **6.0 Records**

Records associated with this procedure shall be the partnership surveys and the partnering agreement which will cover the following elements:

- Partnership name and date of partnership meeting;
- Team identity;
- Mission statement;
- Partnership goals; and
- Follow-on tasks for the Partnership.

Original record files should be maintained by the sponsor of the partnership, who will summarize results. Partnership records should be maintained and filed as part of the official contract file.

The Partnering Coordinator or designee will not maintain any record files, but will update this document as required, including revisions to addresses, phone numbers and websites for facilitators.

## **7.0 Implementation Questions**

These Guidelines are intended to be just that, guidelines. It is important not to over ascribe bureaucracy on the process. Each field organization and each contract should be free to determine the appropriate levels of engagement, as well as the best means to implement the Partnering Performance Agreements. Remember, the objective for this process is the success of the contractor in performing the important work to achieve the EM mission. Attachment B contains a list of frequently asked questions; as more experience is gained by EM and its contractors, this list will grow. This is a living document; we will adapt as circumstances warrant.

# Sample Partnering Performance Agreement



DEP WEST VIRGINIA

Community of West Virg



Huntington Canal Waterways Association

Kohsasing Pro-Can

## Marmet Lock Replacement Project Partnering Agreement January 1, 2003

We, the Marmet Lock Replacement Project Partnering Committee, have agreed to Partner on this Project and to Achieve the Highest Level of Customer Satisfaction, Safety, Quality, and Cost-Effectiveness, and to Protect the Navigation Interests of the Project.

### Objectives

**Safe Project**  
 - Zero accidents  
 - Pre-plan safety  
 - Trained workforce  
 - All partners accountable for safety  
 - Provide a safe and healthy work environment  
 - Effective JHA, HSP, and weekly safety meetings  
 - Substance-free work environment  
 - Concern for public safety

**Quality Project**  
 - Level III customer satisfaction  
 - No rework  
 - Quality is part of preplanning  
 - Pride in workmanship  
 - Maintain effective QA/QC Program  
 - Make quality a part of training  
 - Effective preparation and review of submittals

**Environmental Stewardship**  
 - Obtain/abide by permits  
 - Adhere to NEPA measures  
 - Be aware of cultural resources  
 - Follow SWP  
 - Environmental orientation for all employees  
 - Abide by the 401 Water Quality Certification

### Maintain Collaborative Team Effort

- Open, honest communication  
 - Treat all partners with dignity and respect  
 - Act with integrity  
 - Total commitment to team effort  
 - Professional growth/development  
 - Maintain partnering spirit  
 - Monitor partnering monthly  
 - Integrate new partners into the team  
 - Have fun

### On Schedule/Within Budget

- Timely issue resolution at the lowest level  
 - Take responsibility for the "money"  
 - Earn a reasonable profit  
 - Collaborative pursuit of adequate funding  
 - Provide/monitor an effective project schedule  
 - Provide adequate resources in a timely manner  
 - Anticipate and eliminate all "rocks in the road"

### Cooperation with Local Interests

- Maintain communication  
 - Consideration of local interests in performing the work  
 - Keep local residents informed of project activities  
 - Hold regular local community group meetings  
 - Timely response to local concerns/issues  
 - Listen  
 - Keep an open mind  
 - Be good neighbors

Orion A. Lane  
 Thomas C. Hinkle  
 M. C. Hinkle  
 Scott Hinkle  
 William C. Baker  
 Larry L. Lutz  
 Jan E. Edwards  
 Dennis E. Davis  
 Bruce Nelson  
 Cory W. Hinkle  
 J. G. Hinkle  
 Don F. V. Jr.  
 Walter L. Hinkle  
 Jim Hinkle  
 Will Hinkle  
 Tim Hinkle  
 Michael Hinkle  
 M. Hinkle  
 Andy Hinkle  
 Camie Dean  
 Don Dean  
 James Hinkle  
 J. Hinkle  
 Terry D. Hinkle

7-26 Hinkle  
 Wm. Brian Burgett  
 Wm. W. Hinkle  
 Dean Hinkle  
 Spencer C. Hinkle  
 Oak Hinkle  
 6-26 Hinkle  
 Madson Hinkle  
 James Hinkle  
 Steve Hinkle  
 W. Hinkle  
 Chris Hinkle  
 Hinkle  
 George Hinkle  
 John Hinkle  
 James Hinkle  
 Steve Hinkle  
 Andrew Hinkle  
 Jimmy Hinkle  
 Hinkle  
 George Hinkle  
 J. Hinkle

## **Questions and Answers**

**How should Partnering impact the project contract?**

1. Improve communications, trust, cost, schedule, quality, and respect
2. Some charters have stated we will do better than some terms of the contract
3. Reduce/eliminate claims, disputes, litigation, over-budget, over-schedule

**How does this impact disputes and disagreements?**

1. Identifies pinch-points
2. Adds pressure to resolve all issues at field level and to compromise
3. Contractors may believe that Partnering does change legal contract, or test to see if it does
4. Does not change legal contract but should improve relationships and execution
5. Provides mechanisms for issue resolution

**What does a typical dispute resolution or escalation process do to partnership disputes?**

1. Partnership defines or clarifies lines of communication
2. Sets time limits
3. Encourages resolution at lowest level
4. Prevent minor problems from becoming major disputes

**How does Partnering constrain or restrict EM field people with contractors?**

1. Eliminates intimidation as a dispute resolution tool
2. Doesn't allow problem to be ignored or forgotten
3. Restricts unilateral decisions

## **Attachment B – Partnering Clause**

### **SECTION H - PARTNERING**

In order to most effectively accomplish this Contract, the Government proposes to form a cohesive partnership with the Contractor. It is a way of doing business based upon trust, dedication to common goals, and an understanding and respect of each other's expectations and values. The process creates a teambuilding environment which fosters better communication and problem solving, and a mutual trust between the participants. These key elements create a climate in which issues can be raised, openly discussed, and jointly settled, without getting into an adversarial relationship. In this way, partnering is a mindset, and a way of doing business. It is an attitude toward working as a team, and achieving successful project execution. This endeavor seeks an environment that nurtures team building cooperation, and trust between the Government and the Contractor. The partnership strives to draw on the strengths of each organization in an effort to achieve a quality project done right the first time, within budget, and on schedule.

Participation in the partnership will be totally voluntary by the parties. Any cost associated with effectuating this partnership will be agreed to by both parties during Contract performance. The U.S. Army Corps of Engineers has championed partnering and their guidelines will be utilized in organizing partnering meetings and establishing a partnering agreement.

## **Attachment C**

### **AGENDA Partnering Session**

#### **Time**

#### **Date One**

8:00-8:30: Coffee and sign-in

8:30-8:45: Opening Remarks- Jack Surash

8:45-9:15: Introductions and Meeting Objectives-John Sullivan and All

9:15-10:00: Shared Expectations of the Team-All Facilitated by John Sullivan

10:00-10:15: Break

10:15-11:00: Team Building Exercise-What Constitutes a Great Team? All and Brent Armstrong, Co-Facilitator

11:00-12:00: Vision and Mission of the Contract: the EM perspective; the Contractor; and the Shared Vision- Brent Armstrong and All

12:00-1:00: Lunch

1:00-3:00: Goals and Objectives-All, John Sullivan

3:00-3:15: Break

3:15-4:30: Recap and Consensus on the Vision, Mission, Goals, and Objectives; Preview of the Next Day-John Sullivan and Brent Armstrong

#### **Date Two**

8:00-8:30: Coffee and Greetings

8:30-9:30: SWOT Analysis; What are our Strengths, Weaknesses, Opportunities and Threats to Making this Partnering a Success?-Brent Armstrong and All

9:30-10:15: Partnering Agreement Administration vs. Business As Usual Contract Administration; How Do We Make This Work?-John Sullivan and All

10:15-10:30: Break

10:30-11:30: Making It Work, Continued

11:30-12:00: Wrap-Up, Next Steps-John Sullivan and Jack Surash

## **Attachment D**

### **List of Contracts for Partnering**

#### **OR**

- Tru-Waste
- New ETP Contract

#### **ORP**

- Tank Operations

#### **RL**

- Hanford Plateau Remediation
- Mission Support Contract

#### **PPPO**

- Ports D&D
- Paducah Remediation

#### **SR**

- Management & Operations Contract
- Liquid Waste