



Construction Industry Round Table

Press Release

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Survey of Top Design/Construction Firm CEOs Finds Significant to Extraordinary Benefits From Partnering Efforts

WASHINGTON, DC—May 12, 1999—Some 70 percent of respondents to a recently completed Construction Industry Round Table (CIRT) survey of its top design and construction firm CEOs indicate that "*partnering*" had "significant" to "extraordinary" benefits in creating a better working environment and/or in reducing adversarial relationships among the parties to a construction project.

The Construction Industry Round Table (CIRT) conducted the survey during the first quarter of the year among its nearly 100 CEOs of leading architectural, engineering, and construction companies. Edward M. Ruane, Vice President of Procurement & Logistics, J.A. Jones, Inc., under the direction of CIRT member Charles T. Davidson, Chairman, President & CEO of J.A. Jones, Inc., compiled and analyzed the results of some 50 CIRT member CEO respondents.

"For over a decade, *partnering* has been promoted within the design and construction community as an effective means of improving the industry's cost effectiveness, profitability, and responsiveness to client needs and expectations," Davidson noted. Davidson also pointed out that numerous benefits have been attributed to the process, ranging from improved relationships and communications to reductions in cost and schedules, as well as more recently, litigation avoidance and elimination.

Notwithstanding these assertions, little if any worthwhile surveying had been done on the subject. The Round Table therefore undertook a survey to gain an understanding of the *perceived*, and *measured*, benefits believed to be achieved through *partnering* generally, and more specifically those benefits associated with litigation avoidance.

Ruane stated that analysis of the survey results suggest that *partnering* is very much in vogue, with some 46 percent of the respondents indicating that they have employed the process more frequently over the past two years. "Interestingly," Ruane said, "the A/E firms have tended to use the process far more often only for large projects (69.2%) vs. when construction firms are factored into the response (40%)."

Overall, most of the respondents were very favorable to the benefits of *partnering*, with majorities indicating "significant" to "extraordinary" benefits attributable to *partnering* in the following areas:

- 88% Improved communications
- 70% Better working environments
- 70% Reduced adversarial relationships
- 62% Less litigation
- 60% Fewer claims
- 54% More repeat business/long-term relationships
- 52% Improved allocation of responsibility/improved value engineering/ and decreased schedules.

However, the same respondents indicated that least impacted by *partnering* at a "significant" to "extraordinary" level were: better subcontracting pricing (only 14% saw this as a benefit), reduced costs (32%), and improved safety (34%). "Significantly, each of the three items: price, costs, and safety would arguably be some of the most compelling reasons for using

the *partnering* procedure," said Mark A. Casso, President of the Construction Industry Round Table. Casso further stated that this dichotomy can be explained in part by the fact that those elements that did receive high ratings impact all three of the items (price, costs, & safety), but in a somewhat indirect manner.

Not surprisingly, benefits such as improved allocation of responsibility, improved quality, improved communications, and better working environments tended to rely on subjective views rather than objective measurements or data. However, strong objective measurements were relied upon in attributing benefits to *partnering* for such issues as fewer claims, less litigation, and decreased schedules.

"Based on the results of the CIRT survey, the design and construction community's support for *partnering* appears to be both strong and well founded," concluded Casso. "It is clear, that CIRT members indicate widespread use of the process and that they are realizing significant benefits from its use."

For more information on the Construction Industry Round Table (CIRT) Partnering Survey, or to receive a detailed analysis of the survey results prepared by Edward M. Ruane, please contact the Round Table at 202/466-6777, or e-mail it at jane@cirt.org