Appendix A

PARTNERING FOR SUCCESS: A Blueprint for Promoting Government-Industry Communication & Teamwork
By Kenneth Bousquet and Mark Sagan

Procuring Contracting Officer (PCO): The reason we’ve called this meeting is to discuss the program delays. We were told six months ago in a program review that everything was on schedule. Last week we heard from the Quality folks that the program is six months behind schedule. What’s going on?

Contractor: WHAT?! We NEVER said, “everything was on schedule.” Who said that? What day was that review?

Program Manager (PM): It doesn’t matter anymore. Why are you six months behind?

Contractor: Well, based upon previous discussions with the engineers, we thought updated requirements would be provided soon that would significantly improve the system with only a minimal cost impact. Although no one ever told us to stop performing, it sure seemed like the smart thing to do.

Chief Government Engineer: WHAT?! We NEVER said we were updating the requirements. Who said that? You guys know we can’t afford to lose any time and we sure don’t have any extra money…Do we?

PM: No, we don’t have any extra money. Now, how can we get back on schedule?

Contractor: Well, we learned a few weeks ago that a couple of your specifications are conflicting. We put in a lot of time and money on the affected subsystem so we’ll have to redesign it and run another test.

Chief Government Quality Representative: WHAT?! When did that happen? Which specs? Which subsystem?

PM (to Contractor): Look, you guys are responsible for this mess. The contract clearly says you must build a system that meets the requirement and deliver it by a certain date. If you can’t do that, we’ll find another firm to do the job.

Contractor: Your contract is poorly written. Our lawyers tell us the ambiguities and lack of clarity, in addition to the poor direction from government representatives, places the responsibility with you.

PCO: Not so fast! Our lawyers say the contract is very clear and you simply failed to comply with the terms and conditions.

PM: Now what?

Contractor: We’ll submit a proposal to clean up the requirements, together with a revised delivery schedule and the total cost impact of those changes - which I can assure you will be significant.

PCO: Your firm must comply or the contract will be terminated.

Contractor: If the contract is terminated the settlement will cost the government a great deal.

PM: (Audible Groan.)

Unfortunately, most of us have been confronted with this exact scenario when contract administration breaks down and the program suffers, sometimes with dire consequences. No single individual or organization is to blame, but it’s apparent that communication has failed and a cooperative team approach to resolving issues is nonexistent. The obvious, or perhaps not-so-obvious, bottom-line to all of this is that we fail to meet the needs of the user (our ultimate customer) and the U.S. taxpayer.

Is there a better way to deal with post-award issues? Absolutely!

AMC’S PARTNERING GUIDE
In April 1997, the U.S. Army Materiel Command (AMC) published the “Partnering for Success” guide to assist and encourage Army Contractors, Program Managers, Contracting Officers, and all contract stakeholders to improve the manner in which contracts are performed and administered. The guide contains an overview of what Partnering is all about and why it’s critical for Army programs to consider implementing a Partnered approach to post-award efforts. The guide promotes a clear four step process to make Partnering an invaluable asset to any program. The guide also includes numerous samples and 32 answers to commonly asked questions regarding Partnering to help the reader better understand the process and its potential benefits for their program.
WHAT IS PARTNERING?
Partnering is a commitment between government and industry to improve communications and facilitate contract performance. It is accomplished through an informal process, with the primary goal of providing our customers with the highest quality supplies and services, on time, and at reasonable prices. It is primarily an attitude adjustment in which the parties mutually commit to form a relationship of teamwork, cooperation, and good faith performance.

Partnering is not a new concept. It has been used successfully since the early 1980’s in construction contracting by both the private sector and the U.S. Army Corps of Engineers. The results of implementingPartnering have been extremely impressive. Cost overruns, performance delays/delinquencies, claims, and litigation have essentially been eliminated. In a contracting environment that was historically plagued with these types of problems, this is indeed a monumental accomplishment.

AMC is now utilizing the Partnering concept in research & development, materiel acquisition, base operations, and engineering/support services contracting. Partnering has become an integral part of the AMC Alternative Dispute Resolution (ADR) program which is focused upon the avoidance of contract disputes before they impact contract performance.

IS IT LEGAL?
Understandably, there is a great deal of apprehension on the part of both contractor and government personnel when they first learn about the Partnering process. We in the contracting field have been taught to maintain an “arms length” relationship with our contracting counterparts and to avoid any appearance of being “too close” to one another. Unfortunately, in all too many instances this has led to adversarial relationships as each party strives to achieve its own individual, program, or corporate goals and objectives.

The AMC Model Partnering Process has been endorsed by the AMC legal community with great enthusiasm. In fact, Mr. Edward Korte, the AMC Command Counsel, was an active participant on the AMC Partnering Committee which published the Partnering guide.

The Partnering process is not inconsistent with any acquisition-related statute or regulation, nor does it replace any requirements contained in the contract. It is not a contractual agreement and does not create, relinquish or conflict with the parties’ legally binding rights and obligations. Simply put, the contract spells out the legal relationship of the parties, while the Partnering Agreement establishes their business/working relationship.

PARTNERING BENEFITS
Experience in the Corps of Engineers, and in AMC programs already utilizing the Model Partnering Process, has revealed numerous attributes of the Partnering process which facilitate contract performance. Some of these benefits are:

- Establishment of mutual goals and objectives. The parties recognize that their success is dependent upon their ability to work together as a team throughout contract performance. They agree to replace the traditional “us vs. them” mentality of the past with a “win-win” philosophy and partnership for the future.
- Concentrating on the mutual interests of the parties rather than individual positions or agendas. Partnering engenders a team-based approach to issue identification and problem resolution, which is focused on the accomplishment of the parties’ mutual objectives.
- Building trust and encouraging open, honest and continuous communication throughout contract performance.
- Through enhanced communication, elimination of surprises that result in program delays and increased costs, as well as claims and litigation.
- Enabling the parties to proactively anticipate, avoid and expeditiously resolve problems through the development of Action Plans which identify the problem as well as its cause, the best alternative for avoiding/resolving it, the individual(s) within the government and contractor organizations responsible for resolving the issue, and a timetable for accomplishing that objective.
- Reduced time and cost of contract performance by adhering to a clear method of raising, discussing, and expeditiously resolving issues.
- Resolving disputes through the use of a clearly defined Conflict Escalation Procedure, a three-tiered process which includes the essential participants in the Partnership, all of whom are fully empowered with the requisite authority and responsibility to make binding decisions in their areas of expertise. Each of the participants know that they will have a fixed number of days within which to resolve any issue with which they are confronted. If they fail to do so, the issue will be automatically escalated through the second and third organizational levels. This procedure avoids inaction and precludes allowing problems to fester. Most importantly, however, experience has shown that almost all issues are successfully resolved at the lowest organizational level.
Avoiding the expense, delay and mistrust caused by formal litigation through the implementation of an ADR procedure.

- Reduced paperwork and necessity for “documenting the file”. The reduction in paperwork is facilitated by the “real time” simultaneous review of contractual documentation such as Technical Data Package changes, Engineering Change Proposals, and Contract Data Requirements List submissions in lieu of the traditional, sequential review process often necessitating multiple drafts, revisions and supplements over the course of weeks or months.
- Reduced administration and oversight.
- Improved safety at the work site or manufacturing location with all parties taking joint responsibility for ensuring a safe working environment for all contract stakeholders.
- Improved/streamlined engineering activities.
- Improved employee morale and enhanced professionalism in the workforce through the empowerment of team members to formulate and cooperatively accomplish common goals and objectives. The result is that the participants develop a personal stake in the ultimate contractual outcome.
- A far more harmonious business relationship.

THE AMC MODEL PARTNERING PROCESS

AMC reviewed the processes used by the Corps of Engineers and AMC field offices on Partnered contracts. The Partnering Committee conducted interviews with numerous government and contractor representatives experienced in Partnering. As a result of this review and analysis, together with considerable assistance/input from acquisition professionals at several AMC major subordinate commands, a Model Partnering Process was developed. This simple four step process can be easily implemented on a wide variety of contracts and can be tailored by government/contractor teams as necessary to achieve the objectives of their programs.

Notwithstanding the flexibility of the process, each of the four steps are very important and should not be overlooked. The four steps are:

1. Getting Started
2. Communicating with Industry
3. Conducting the Workshop & Developing the Charter
4. Making It Happen

STEP ONE: GETTING STARTED

Making the Decision to Partner

This first segment of Step One is critical. Although Partnering may be used on any contractual action, it is up to the contracting parties to decide where it can provide the greatest benefit. Any one of the many stakeholders in a contractual arrangement can suggest the use of Partnering by bringing this concept to the attention of the Procuring Contracting Officer (PCO) or the Program Manager (PM). Partnering is most beneficial on high dollar, complex contracts of at least two years’ duration. Partnering is particularly beneficial in contracting arrangements where there is a history of adversarial relationships or poor performance or problems are anticipated on an ensuing contract. Partnering has proven to be extremely valuable in conjunction with acquisition streamlining and cycle time reduction efforts and within those organizations that are receptive to new ways of doing business.

Making the Commitment to Partner

To succeed, Partnering requires the total commitment of not only each of the participants, but also senior management within both government and industry who must be visible and vocal advocates for this process. A fundamental component of the Partnering process is to empower participants with the requisite responsibility and authority to make binding decisions within their designated areas. Senior managers must lead the Partnering process by reinforcing the team approach to contract administration, breaking down barriers, actively participating in the resolution of issues escalated to their level, celebrating successes and maintaining a positive image for the project. In short, they must “Champion” the process.

Obtaining Resources

An initial investment in both time and money is imperative in order to make the Partnering process work. The senior managers’ commitment to Partnering will be severely tested when these two items are put on the table. Time is needed for each of the participants to learn about Partnering and attend scheduled workshops. Money is needed to cover the cost of the Partnering Workshop which includes hiring a facilitator, renting a facility and any necessary travel-related expenses. This up-front investment will yield significant benefits during contract performance. If your organization is unable or unwilling to make this commitment, Partnering isn’t for you.
STEP TWO: COMMUNICATING WITH INDUSTRY

Extending the Invitation to Partner

Normally, we would expect to see the government contracting office notifying industry that it wishes to utilize Partnering on a contract. It should not, however, surprise PCOs and PMs to find contractors asking their government counterparts to use Partnering in the near future. As this process is being used more frequently, a growing number of contractors have found it to be the best way to maximize effective contract performance. It is strongly recommended that the government’s interest in Partnering be expressed as early in the acquisition as possible and be reflected in draft solicitation documents issued on Electronic Bulletin Boards or the World Wide Web.

Solicitations should contain a clause informing offerors of the government’s desire to use Partnering on the resulting contract. The AMC Partnering guide should be made available to potential offerors to ensure they fully understand the process. If copies of the guide are not available, the clause should reference the following AMC internet address where a copy of the guide can be found: http://www.dtic.mil/amc/. A full explanation of Partnering should be made at the pre-solicitation conference for competitive programs and at the pre-proposal meeting in sole source acquisitions.

Mutual Agreement to Partner

Implementation of the Partnering process should be discussed with the successful offeror immediately after award. The Post-Award Conference can provide an excellent opportunity to conduct the Partnering Workshop.

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. The facilitator is neither a contractor nor government employee, but a neutral individual acting as the workshop instructor and “honest broker” throughout the Partnering process. The facilitator leads the participants in building their team, designing their Charter, identifying potential problems, and developing the Conflict Escalation Procedure. The government and contractor should work together to secure the services of the facilitator. Assistance is available by contacting any of the members of AMC’s Partnering Team listed in the guide.

Preparing for the Workshop

Preparation for the workshop is critical. The facilitator’s help at this stage of the process will ensure that the maximum benefit is derived by all parties during this session. These preparatory meetings will provide information regarding the Partnering process to the contractor and government participants and afford the facilitator an opportunity to learn the personalities and concerns of the individual team members. Additionally, the facilitator will be introduced to the contractual requirements and program objectives from both the contractor and government perspectives and be able to identify significant issues for discussion at the joint workshop.

Everyone who will play a critical role in achieving contract success must participate in the workshop. Anyone not attending the workshop will not fully understand the Partnering philosophy and this can hinder the implementation of the Partnering process on that program.

The workshop should be conducted at a neutral site away from the workplaces of all the stakeholders. This should ensure a continued focus on learning the Partnering process by avoiding interruptions and conflicting demands on the participants’ time and assist in building the contractor/government team.

Conducting the Workshop

Workshops will vary in length depending upon the unique needs of each contract and the experience of the participants with Partnering. Some may need a one or two day workshop while others may need four or five days. What happens at the workshop will create the momentum that drives the partners in the same direction toward the successful accomplishment of mutual goals and objectives throughout contract performance.

Examples of subjects/tasks performed at the workshop are: bringing the players together through one or more team-building exercises; developing the Partnering Charter; identifying the roles and responsibilities of each of the participants; identifying
program issues/concerns together with an Action Plan for each; building the Conflict Escalation Procedure; agreeing upon an
ADR procedure; listing the metrics for assessment of accomplishments; and, determining appropriate reinforcement tech-
niques.

The Partnering Charter or Agreement is the focal point of the parties' relationship and a blueprint for their success. The
parties set forth their mission statement, mutual goals and objectives, and commitment to the Partnering relationship.

A critical component of the workshop is the discussion of problem resolution and the development of a Conflict Escalation
Procedure. In traditional contract administration, the parties rarely discuss how they will manage and resolve conflicts.
Usually they just struggle through the issues. Sometimes they are successful. Unfortunately, all too often the result is
strained relationships, program delays, cost overruns, and increased paperwork. This can lead to disputes, claims and
litigation, a costly scenario for everyone. The use of a clearly identified Conflict Escalation Procedure will ensure the
efficient resolution of issues by specifically identified individuals.

STEP FOUR: MAKING IT HAPPEN

Once the participants learn about the Partnering process and complete the workshop, it is up to them to change the way
they've been doing business and implement the tools, techniques and processes that they all agreed upon. They must trust the
product of the workshop and follow the Partnering procedures. The participants must continuously communicate with their
counterparts, at their respective levels, to overcome any obstacles blocking the accomplishment of the identified goals and
objectives.

It is very important for senior managers to receive periodic updates on the Partnering process and provide encouragement and
support to the participants. They must assess the Partnering relationship to ensure that actions taken are consistent with the
Charter objectives. If necessary, a follow-up workshop should be held to refocus the participants on the Partnering process
and educate new stakeholders. It is senior management’s responsibility to celebrate the team’s successes and continuously
reinforce the use of the Partnering tools.

CONCLUSION

With downsizing straining all of our resources, it is imperative that we take full advantage of any process that eliminates non-
value added activity. Adversarial relationships lead to an extraordinary waste of time, money and effort. Partnering has
proven to be an outstanding tool for overcoming these problems and will maximize the likelihood of your program’s success.

The AMC Partnering guide provides additional details to assist your organization or company.

As General Johnnie E. Wilson, Commanding General, Army Materiel Command, stated in endorsing Partnering, “Accom-
plishment 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.”

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Appendix B
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 warfighter 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 for Success 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 C
Sample Partnering Agreements & Charters

WLMP & Team CSC
Partnering Agreement
Wholesale Logistics Modernization Program

Vision:
WLMP will provide agile, reliable, and responsive services by leveraging best
practices and technology that enable the AMC to deliver world class logistics to
the warfighter and will advance with the challenges in the Army vision.

Goals:
Modernize Army wholesale logistics business practices and supporting
information technology to meet current and future military readiness
requirements.

Objectives:

- Enhance readiness and weapon system support
- Take care of the people – Both those transitioned to the contractor and those
  personnel whose jobs will evolve with implementation of the WLMP
- Adopt commercial best practices – market driven
  - initially
  - continuously
- Perform business process reengineering while leveraging information
  technologies
- Integrate with Global Combat Support System—Army/Single Stock Fund
  milestones
- Provide information, education, and training as needed to help AMC/Army
  adapt to new ways of doing business with minimal disruption

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.

Paul L Capelli  3/15/00  Jeffrey Plotnick  3/15/00
Program Director  Date  Program Manager  Date
WLMP
Team CSC
Partnering Charter
Improved Cargo Helicopter Program
U.S. Army PEO AVN • U.S. Army Aviation and Missile Command
DCMC Boeing Philadelphia • Boeing Company Rotorcraft Division

We, the members of the Improved Cargo Helicopter, Engineering, Manufacturing and Development Team (Team ICH) share a common objective: To Design, Test, and Build the remanufactured CH-47 Helicopter to provide the best weapon system to the soldier in the field within the budget. We are committed to working together to solve problems quickly and to preclude non-value-added requirements from eroding program success. We will continuously seek to improve our process so that our product contributes directly towards the successful production effort to follow.

Team Goals

- Establish a consistent, effective and dedicated team to execute the program.
- Meet or exceed the EDM requirements of the Operational Requirements Document.
- Complete EMD on schedule.
- Maximize cost savings and incentive fee while meeting all commitments.
- Complete program without litigation.
- Partnering
  - Build on the success of the Alpha Team.
  - Promote open, timely communications and clear documentation.
  - Continuue and mature the partnering process.
  - Streamline processes.
  - Treat each other with mutual respect and acknowledge our interdependency.

The Partnering concept is a team relationship that promotes the achievement of mutually beneficial goals. This Partnering Charter does not create any legally enforceable rights or duties. Any changes to the contracts must be made by the contracting officers under the terms of the written contracts.
Partnering Charter
for the
JTT/CIBS-M Team

Our team will develop and deliver a Joint Tactical Terminal (JTT) and Common IBS Modules (CIBS-M) capability to provide intelligence broadcast connectivity for enhanced situational awareness for the warfighter. We will accomplish this through a cooperative teaming approach, based on trust and open communications among Raytheon, PM JTT/CIBS-M, CECOM, DCMC Raytheon, and the Users.

Our Goals Are:

- Meet schedule and cost performance objectives
- Deliver a JTT, validated to meet the performance specification
- Achieve successful IOTE in “99”
- Successful migration of CIBS-M to various C4I platforms
- Expand capabilities of JTT and CIBS-M through P3I
- Maintain Partnering Initiatives
MLRS Partnering Agreement

U.S. Army TRADOC Systems Manager, Rocket and Missile Systems
Lockheed Martin Vought Systems
U.S. Army MLRS Project Office

We, the Multiple Launch Rocket System team, share a common objective to provide the premier fire support system, responsive to our nation's and allied customers' needs for the soldier of the 21st Century. We will accomplish our mission through an inspired, trained, capable and focused government and industry team.

- Integrity & Honesty
  - Maintain an ethical work environment.
  - Promote open and honest communications among all the stakeholders.

- Teamwork, Teamwork, Teamwork
  - Promote harmony, trust, and energy to successfully field the best MLRS for the soldier.
  - Implement Cost of Ownership Reduction Plan to achieve a 10% reduction by the end of FY2000.

- Mutual Trust & Empowerment
  - Foster mutual trust among program participants.
  - Empower our people.

- Customer Focus
  - Provide superior weapons, equipment, and services to the soldiers in a timely and cost effective manner.

- Win Win Win Agreements
  - Implement a proactive savings and reinvestment strategy that supports modernization and a winning situation for all stakeholders.
  - Maximize synergy of all programs.

- Pride in What We Do
  - Maintain MLRS as the preeminent fire support system in the world.
  - Recognize and celebrate successes

Partnering: The Right Thing to Do!

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

[Signatures]

[Seal]

[Stamp]
Appendix D
Corporate Partnering Agreements

A WINNING BUSINESS STRATEGY FOR THE NEW MILLENNIUM

By Mark Sagan

The participants in the acquisition process, within both Government and industry, are increasingly being forced to adjust to a continually changing environment, one which includes dramatic reductions in personnel and program funding; business reorganizations and consolidations; and the implementation of a multiplicity of acquisition reform initiatives, the overall objective of which is often summed up in the phrase “better, faster, cheaper”.

For these reasons, it is essential that from this point forward, contracts be awarded, performed and administered correctly the first time. There are simply no extra dollars or additional months available to be “thrown at” contractual problems, the way we did in the not too distant past. The question is, how do we change our culture from the traditional adversarial relationship that often exists throughout the acquisition process to a proactive, team-based environment that significantly enhances the effectiveness of communications between Government and industry? The answer is through the use of the Partnering process.

WHAT IS PARTNERING?

Although the subject of this article is Corporate Partnering Agreements, before that topic can be discussed, it is imperative that the Partnering process itself first be fully understood. Partnering is a mutual commitment between Government and industry to work cooperatively as a team in order to identify and resolve problems, avoid disputes and facilitate contract performance. It is accomplished through an informal process with the primary objective of providing America’s warfighters, allies and customers with the most technologically advanced and highest quality supplies and services on time and at reasonable prices. 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. Partnering promotes the creation of a shared vision for success, synergy and pride in performance. In its simplest terms, the Partnering process is analogous to a three-legged race where the parties know that in order for them to successfully reach the finish line, they must cooperate and work effectively together as a team.

Partnering is not a new concept. It has been used successfully since the early 1980s in construction contracting by both the private sector and the U.S. Army Corps of Engineers (USACE). The United States Army Materiel Command (AMC) has expanded the use of the Partnering concept into research and development, materiel acquisition, base operations, and engineering/support services contracting. Partnering has also become an integral part of the AMC Alternative Dispute Resolution (ADR) program, which is focused on the avoidance of contract disputes before they impact contract performance.

AMC’S PARTNERING GUIDE

In April 1997, AMC published its Partnering for Success Guide which is designed to promote Government and industry communication and teamwork throughout the acquisition process. The Guide explains the Partnering process in detail, sets forth a four step Model Partnering Process and includes an extensive Appendix that contains a variety of samples, formats and answers to commonly asked questions about Partnering. The Guide is available through the AMC website at:

URL www.amc.army.mil/amc/command_counsel

BENEFITS OF PARTNERING

The results of using the Partnering process within AMC, USACE and private industry have consistently been impressive. Litigation has essentially been eliminated and claims, cost overruns and performance delays have been significantly reduced. Furthermore, numerous participants in the process have found that their involvement in a partnered contract has significantly increased their morale, professionalism and job satisfaction. These perceptions are directly attributable to the empowerment and ownership role in the process that are at the heart of the Partnering concept.

Numerous benefits result from the use of Partnering which significantly enhance the effectiveness of communications between Government and industry and dramatically facilitate contract performance. Some of these benefits are:

- Establishment of mutual goals and objectives in lieu of individual positions or agendas. The parties recognize that their success depends on their ability to work effectively together as a team throughout contract performance.

- Replacement of the “us vs. them” mentality of the past
with a true “win-win” philosophy and partnership for the future where the parties recognize that “we’re in this together.”

- Building trust and encouraging open, honest and continuous communication throughout contract performance.
- Elimination of surprises that result in program delays, increased costs, claims and litigation, through enhanced communication.
- Enabling the parties to proactively anticipate, avoid and expeditiously resolve problems through the development of action plans that identify the problem and its cause, the best alternative for avoiding/resolving it, the individual(s) within the Government and contractor organizations responsible for resolving the issue and a timetable for accomplishing that objective.
- Resolving disputes through the use of a clearly defined conflict escalation procedure, a three-tiered process that includes the essential participants in the partnership, all of whom are fully empowered with the requisite authority and responsibility to make binding decisions in their areas of expertise. All of the participants know that they will have a fixed number of days within which to resolve any issue with which they are confronted. If they fail to do so, the issue will be automatically escalated through the second and third organizational levels. This procedure avoids inaction and precludes allowing problems to fester. Most importantly, however, experience has shown that almost all issues are successfully resolved at the lowest organizational level.
- Avoiding the expense, delay and mistrust caused by formal litigation through the implementation of an ADR procedure.
- Reduced paperwork and necessity for “documenting the file.” The reduction in paperwork is facilitated by the “real time” simultaneous review of contractual documentation such as technical data package changes, engineering change proposals and contract data requirements list submissions in lieu of the traditional sequential review process often necessitating multiple drafts, revisions and supplements over the course of weeks or months.
- Improved employee morale and enhanced professionalism in the work force through the empowerment of team members to formulate and cooperatively accomplish common goals and objectives. The result is that the participants develop a personal stake in the ultimate contractual outcome.

WHAT IS A CORPORATE PARTNERING AGREEMENT?

When the Partnering process is used in conjunction with an individual contract, one of the essential tools that is developed during the initial Partnering Workshop is the Partnering Agreement. This document, which sets forth the parties’ mission statement, mutual goals and objectives and commitment to the Partnering relationship, is the focal point of their relationship and the blueprint for their future success.

In an effort to further enhance the effectiveness of communications with its principal contractors and to provide a forum for the exchange of ideas, discussion of problems and formulation of better ways of conducting business, Team C4IIEWS (Command, Control, Communications, Computers, Intelligence, Electronic Warfare and Sensors) located at Fort Monmouth, New Jersey, expanded the scope of the Partnering concept. Team C4IIEWS is comprised of the United States Army Communications-Electronics Command (CECOM) and the Program Executive Officers (PEOs) for Intelligence, Electronic Warfare and Sensors and Command, Control and Communications Systems. In November 1996, Team C4IIEWS and Hughes Aircraft Company executed the first Corporate Partnering Agreement (CPA) in the Department of Defense. Team C4IIEWS has subsequently entered into additional CPAs with Lockheed Martin Corporation; ITT Defense and Electronics; GTE Government Systems Corporation; Litton Systems, Inc.; Raytheon Systems Company; Electronic Data Systems Corporation; and Harris Corporation, and several other CPAs are presently in process. These Agreements are signed by a senior executive of the corporation, usually at the Chief Executive Officer or President level, and by the Commanding General, CECOM, as well as the PEOs for Intelligence, Electronic Warfare and Sensors and Command, Control and Communications Systems.

COMPONENTS OF THE CPA

The essence of the CPA is the recognition by the Government and contractor participants that in an era of constantly diminishing personnel and financial resources, we can no longer afford not to partner or to continue doing business in the traditional, adversarial ways of the past. Accordingly, in the first paragraph of the CPA, the parties commit to use the Partnering process in each of their future contractual efforts. They also agree to serve as champions responsible for inculcating within their organizations a commitment to openness, honesty, mutual trust and teamwork and a focus on the accomplishment of mutually beneficial goals and objectives. Most important, however, is the overriding objective established by the parties: providing America’s warfighters with the most technologically advanced and highest quality supplies and services in a timely manner in order to promote the swift, safe and successful accomplishment of their missions.

The majority of the CPA is focused upon the commitment of the parties to execute individually designed and tailored Partnering Agreements in conjunction with each new contract award. The CPA also highlights the key Partnering tools that must be developed in furtherance of each of these contract-specific Partnering Agreements: the mission
statement, including the parties’ mutual goals and objectives; the identification of 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 resolution process; and a commitment to utilize ADR procedures to the greatest extent possible in order to facilitate the timely resolution of disputes and eliminate the necessity for litigation.

The CPA also encourages the parties to examine their existing contracts in order to determine the feasibility and potential benefit of incorporating a Partnering Agreement during contract performance. Additionally, it clearly indicates that the CPA 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. Lastly, the CPA sets the foundation for the parties to continue to discuss Partnering-related issues and acquisition reform initiatives on a periodic basis in the future.

**CPA SUCCESSES**

Team C4IEWS’ experiences using CPAs have been extraordinarily positive. Not only has this concept provided Team C4IEWS with the opportunity to educate its major contractors regarding how the Partnering process works, it has also created a unique environment for Team C4IEWS and the company to explain to each other what makes them tick. These sessions, as well as the follow-on meetings, have also served as forums for discussions regarding the implementation of new acquisition-related concepts, Government and industry perceptions, biases and motivations, and ideas for the improvement and streamlining of the procurement process. Most importantly, however, it has dramatically increased the level of trust and meaningful communication amongst the participants.

Mr. Edward Bair, the Deputy PEO for Intelligence, Electronic Warfare and Sensors, had the following observations regarding the use of the CPA process within Team C4IEWS:

“The Corporate Partnering framework we have employed MAKES A DIFFERENCE! It has facilitated breaking down communications barriers on both the Government’s and industry’s sides and enabled us to better understand common areas of strategic goals, interests and initiatives, while still preserving separate business objectives. Corporate Partnering has been an enabling approach to foster, and even expedite, the kinds of cultural change and relationships we need to sustain the revolution in business affairs to which we aspire. Simply put, Corporate Partnering has been a catalyst for leadership to effect change in our cultures and business practices. I fully endorse and am committed to Corporate Partnering, as much as we need IPTs at the PM’s level, to effectively execute our strategies as well as strengthen our mutual understanding and trust of how best to meet the capabilities needed for our warfighters, today and into the future.”

**THE FUTURE**

From Team C4IEWS’ perspective, we believe that the establishment of a true Partnership with industry through the use of CPAs is precisely the kind of nontraditional “outside the box” thinking that acquisition reform is all about. We are convinced that adherence to this strategy is imperative for us to be able to successfully accomplish our most important mission—providing the American warfighter with the most technologically advanced and reliable equipment in a timely manner.

Copies of the AMC Partnering Guide may be obtained by contacting Stephen Klatsky, AMC, at (703) 617-2304. Questions regarding the Partnering process in general or CPAs in particular should be directed to Mark Sagan at (732) 532-9786.
Overarching Partnering Agreement Between
Team C4IEWS and
General Dynamics Corporation

GENERAL DYNAMICS
August 29, 2000

1. We, the senior leadership of Team C4IEWS and General Dynamics Corporation, 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 vs. 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 highest quality supplies and services in a timely manner in order to promote the swift, safe and successful accomplishment of their missions.

5. All contracts between Team C4IEWS and General Dynamics Corporation 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 General Dynamics Corporation 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 General Dynamics Corporation 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 General Dynamics Corporation 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 General Dynamics Corporation periodically in order to reinforce the Partnering commitment, share and build upon significant accomplishments, and identify and eliminate any perceived barriers to future success.

13. This agreement does not waive or obviate any legal or equitable right or remedy or create any legally enforceable duties.

GORDON R. ENGLAND
Executive Vice President
General Dynamics Corporation

KEVIN CARROLL
Program Executive Officer
Standard Army Management Information Systems

ROBERT W. NABORS
Major General, USA
Commanding
U.S. Army Communications-Electronics Command and Fort Monmouth

EDWARD T. BAIR
Program Executive Officer
Intelligence, Electronic Warfare and Sensors

STEVEN W. BOUTELLE
Brigadier General, USA
Program Executive Officer
Command, Control and Communications Systems
Appendix E

“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
Rocks in the Road

Key Rocks

Please identify potential obstacles which may arise for you or your teammates which could hinder successful completion of the project.

- Need to integrate approach and implementation plan for CTT (3) and MAT. (MAT expertise)
- LRIP decisions confidence (progress and risk mitigation)
- Detailed schedule and milestone plan for JTT
- A balance between the number of interfaces and adequate information flow
- PM baseline (cost and schedule growth)
- Poor RAM #1
- Lack of assets for test/TNG/validation
- Rotable spares QTY/RAM
- Unsuccessful network interop and completion of validation plan #2
- Progress payment request by AERN
- Timely implementation of changes to contractual documentation
- Definitize delivery schedule in Section B
- Establishment of a mutually agreeable VE program
- Resolution of performance based payment issues
- Not meeting technical performance requirements
- Excessive design cycle time
- Requirements definition interpretation
- Configuration management throughout life of terminal
Rocks in the Road

Other Rocks

Please identify potential obstacles which may arise for you or your teammates which could hinder successful completion of the project.

- Early identification of issues to reduce schedule and program risk; Timely problem resolution
- Personnel resources (lack there of)
- Levels of authority (empowerment)
- Corporate’s plan for RESP
- User requirements verification
- Timely user feedback
- Availability of MAT knowledge
- Isolation of the TDDS and TIBS programs
- Host platform interface incompatibility
- IBS decision delay impacts
- The required for Government to develop negotiation position
- Software schedule impacted by loss of software writers
- Prioritize workload
- Proactively inform of events (meetings, changes)
- Time it takes for the Government to prepare an acquisition package
- Not having software development schedule to measure progress
- Instability of requirements
- ICD quality impact on initial integration
- Availability of new technology plans
- Excessive design cycle time
- Key person becomes unavailable
- Lack of access to software development folders
- Requirements definition interpretation
- P3I efforts impact primary contract resources
- Infrequent collection of software metrics
- Difficulty of servicing diverse customers
- Overcome not invented here or rice bowl issues, resistance to a new product
- Inadequate validation of requirements
### Structured Problem Solving Results

**Champions:** Army - LTC. Kostek/Raytheon - Debbie Miller

**Problems:**
- Lack of program management baseline

**Primary Cause(s):**
- Don't have time phased schedule of program tasks
- Not identified/defined resources to program tasks

<table>
<thead>
<tr>
<th>Action Plan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>What is to be done?</td>
<td>When will it be done?</td>
<td>Who will do it?</td>
</tr>
<tr>
<td>1. Complete schedule development (time-phase)</td>
<td>December 15, 1997</td>
<td>Debbie Miller</td>
</tr>
<tr>
<td>2. Generate ECP change requests</td>
<td>January 9, 1998</td>
<td>Debbie Miller</td>
</tr>
<tr>
<td>3. PM response to ECP requests</td>
<td>January 16, 1998</td>
<td>Steve Morton</td>
</tr>
<tr>
<td>4. Complete resource allocation/loading</td>
<td>December 22, 1997</td>
<td>Debbie Miller</td>
</tr>
<tr>
<td>5. Perform translation to cost account system</td>
<td>January 12, 1998</td>
<td>Debbie Miller</td>
</tr>
<tr>
<td>6. Briefing/decision approval of PMB at Raytheon IPR</td>
<td>January 14, 1998</td>
<td>Diane Murphy</td>
</tr>
</tbody>
</table>

### Structured Problem Solving Results

**Champions:** Army - LTC. Kostek/Raytheon - Debbie Miller

**Problems:**
- Need an integrated implementation plan for CTT H/R and CTB, and MATT migration

**Primary Cause(s):**
- Lack of MATT expertise
- Resource identification for task

<table>
<thead>
<tr>
<th>Action Plan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>What is to be done?</td>
<td>When will it be done?</td>
<td>Who will do it?</td>
</tr>
<tr>
<td>1. Contract action to expand T &amp; M scope *Draft SOW</td>
<td>January 9, 1997</td>
<td>Mike Gallagher/ Kemp Johnson</td>
</tr>
<tr>
<td>2. Turnaround proposal</td>
<td>January 16, 1998</td>
<td>Steve Morton</td>
</tr>
<tr>
<td>3. Develop detailed CTT/MATT migration implementation plan and schedule</td>
<td>March 15, 1998</td>
<td>Diane Murphy</td>
</tr>
<tr>
<td>4. Identify individuals from Raytheon to SPT this task</td>
<td>January 9, 1998</td>
<td>Diane Murphy</td>
</tr>
</tbody>
</table>
Appendix F

Conflict/Issue Escalation Procedure

Issue Escalation Chart

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

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.
## Issue Resolution Process

<table>
<thead>
<tr>
<th>Levels</th>
<th>Selfridge</th>
<th>Facility Engineering</th>
<th>Acquisition</th>
<th>E.L. Bailey</th>
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<tbody>
<tr>
<td>1</td>
<td>John Kujda Inspector</td>
<td>LeRoy Proszkowski Inspector</td>
<td>Patty Horton Jim Gottschalk Carol Paton Fran Dolata Contract Specialists</td>
<td>Morrie Daniels Quality Control Manager Chris Reimel Superintendent</td>
</tr>
<tr>
<td>2</td>
<td>Wayne Shaw Engineer Marc Point Engineer</td>
<td>Assigned Project Manager by delivery order</td>
<td>Ron Kraus KO</td>
<td>Ali Almufi Project Manager</td>
</tr>
<tr>
<td>3</td>
<td>Ron Wesley Director of Public Works</td>
<td>Bob Novak Team Leader</td>
<td>Major Ed Ottman KO</td>
<td>Reggie Bailey General Manager</td>
</tr>
<tr>
<td>4</td>
<td>Warren Heller Deputy Commander Col. Calder Commander</td>
<td>Jim Park Chief of DPW Woody Lacombe Director of Installation</td>
<td>Rick Bender Chief-Installation Support</td>
<td>Ed Bailey President</td>
</tr>
</tbody>
</table>

Guidelines:
1. Resolve issues at the action level
2. If there is no agreement, you MUST escalate the issue before it impacts cost or the schedule
3. Escalate with the FACTS
4. Escalate equitably
5. Get another set of eyes at a higher level to review the FACTS
## Issue Resolution

<table>
<thead>
<tr>
<th>Level/Time Frame</th>
<th>Raytheon</th>
<th>Government Army</th>
<th>Contractor</th>
<th>DCMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 5 (2 Weeks)</td>
<td>Dr. Garrett</td>
<td>MG Gust/Mr. Bair</td>
<td>Ed Elgert</td>
<td>Ltc. Brown</td>
</tr>
<tr>
<td>Level 4 (5 Days)</td>
<td>Mitch Lee</td>
<td>Col. Young</td>
<td>Tom Griffith</td>
<td>Buddy Guidi</td>
</tr>
<tr>
<td>Level 3 (3 Days)</td>
<td>John Milford</td>
<td>Sam Fusaro</td>
<td>Greg London</td>
<td>Howard Picotte</td>
</tr>
<tr>
<td>Level 2 (3 Days)</td>
<td>Diane Murphy</td>
<td>Ltc. Kostek</td>
<td>Mike Gallagher</td>
<td>Karen Bray</td>
</tr>
<tr>
<td>Level 1 (2 Days)</td>
<td>Diane Murphy (B3I)</td>
<td>Judy Quinn</td>
<td>Karen Bray</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Eng)</td>
<td>Kam Lok</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diane Murphy (CIBSM)</td>
<td>Steve Morton</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>John Ryan (CM)</td>
<td>Wair Wong</td>
<td></td>
<td></td>
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<td></td>
<td>Chris Price (Warranty)</td>
<td>Dennis Owens</td>
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<tr>
<td></td>
<td>Ed LaPorte (ILS)</td>
<td>Mike Karpie</td>
<td></td>
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<tr>
<td></td>
<td>TBD (HOST)</td>
<td>Mrunal Shah</td>
<td></td>
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<tr>
<td></td>
<td>Terri West (SW)</td>
<td>Tom Colegany</td>
<td></td>
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<tr>
<td></td>
<td>David Cleotelis (TEST)</td>
<td>Andy Williams</td>
<td></td>
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<tr>
<td></td>
<td>Via Nastasi (COMSEC)</td>
<td>Kam Lok</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Steve Bucon (COMSEC)</td>
<td>Jon Rumnel</td>
<td></td>
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Appendix G
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 procedures\(^1\), 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 conference. 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. 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

\[2\text{The forum for the initial conference may be either a personal meeting or telephone conference at the discretion of the Standing Neutral and the parties.}\]

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

"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 affect the contractual rights of the parties.

DATED: 7 Aug 96  
BY: [Signature]

Principal Representative for the Industrial Operations Command

DATED: 8/1/96  
BY: [Signature]

Principal Representative for Lockheed Martin Ordnance Systems, Inc.
ATTACHMENT 1

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.

Processes

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).

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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.
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 viewpoint.
   - 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 I

### Partnering Assessment & Evaluation

#### Partnership Assessment Form
for the
Vibratory Roller Program
(Adopted July 29, 1998)

<table>
<thead>
<tr>
<th>Rating Criteria</th>
<th>1 Relationship is a Disaster</th>
<th>2</th>
<th>3 Relationship Needs Help!</th>
<th>4</th>
<th>5 Excellent Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On/Ahead of Schedule</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timely resolution of issues at lowest possible level</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Everyone works to same project schedule</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Good coordination/oversight</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Proactive management</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ongoing performance assessment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>No surprises/timely communication</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Mutual responsibility for schedule performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Quality Product</strong></td>
<td></td>
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</tr>
<tr>
<td>Do it right the first time</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Pride in product</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Supportable product</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>User friendly manuals and parts support</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Successful integration of military unique items</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Meet or exceed all PD requirements</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Safe, reliable product</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td><strong>Maintain Good Working Relationship</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Trust</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Continuous open, honest communication</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Strive for win-win</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Mutual professional respect</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>Be one team</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Understand one another's needs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Provide ongoing constructive feedback</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Have a sense of humor</td>
<td>1</td>
<td>2</td>
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<td>4</td>
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### Reasonable Price

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<tbody>
<tr>
<td>Take mutual responsibility for cost control</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Joint selection of unique tools</td>
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<tr>
<td>Successful ALPHA negotiations</td>
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<tr>
<td>Successful DVD negotiations</td>
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<tr>
<td>Make a fair profit</td>
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### Maximize Commercial Practices

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<tr>
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<th>2</th>
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<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Learn from one another</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Blend commercial practices with military needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Be flexible and open-minded</td>
<td></td>
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</table>

**NOTE:** For a rating of "3" or less, please comment as to the specific nature of the deficiency.

**COMMENTS:**


**NAME:** ______________________  **DATE:** __________

**ORGANIZATION:** ______________________
# Sample Evaluation

<table>
<thead>
<tr>
<th>Name/Title:</th>
<th>Date:</th>
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<tbody>
<tr>
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</tbody>
</table>

**Project:**

Please evaluate work on the above project during the last month (circle your response and write comments for all items).

<table>
<thead>
<tr>
<th>1. Submittal process</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
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</table>

Comment:

<table>
<thead>
<tr>
<th>2. Maintain coordination among all parties affected by project</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Comment:

<table>
<thead>
<tr>
<th>3. Meet project schedules</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
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<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
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</table>

Comment:

<table>
<thead>
<tr>
<th>4. Maintain coordination between government entities concerning project forecast</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
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</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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Comment:

<table>
<thead>
<tr>
<th>5. Safety</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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</table>

Comment:

<table>
<thead>
<tr>
<th>6. Quality</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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</table>

Comment:

<table>
<thead>
<tr>
<th>7. Clearly define scope of work</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
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</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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</tbody>
</table>

Comment:

<table>
<thead>
<tr>
<th>8. Complete within respective budgets</th>
<th></th>
<th></th>
<th></th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Comment:

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Return to: __________________________ Return by: __________________________

Observations: ____________________________________________________________

______________________________________________________________________

Opportunities for Improvement: _________________________________________

______________________________________________________________________
Appendix J

Metrics

Areas To Review 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/Issue Escalation Procedure developed at the Partnering Workshop must be utilized to minimize 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/Issue 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/Issue 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 for Success 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, effectively manage conflict, avoid disputes and litigation and facilitate contract performance. The primary objective of this process is providing the American warfighter and customer 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 up-front 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 workforce-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 workforce-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/Issue 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. Gener-
ally, in “traditional” contract administration, when teaming is used, there is a government 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 interorganizational team philosophy has been adopted, the parties usually do not have a process in place to implement that philosophy. The AMC Model Partnering for Success Process provides the blueprint for that implementation.

Q-8 Why is it advantageous to engage in the Partnering process when many organizations are already using Integrated Process Teams (IPTs)? Aren’t they really the same thing?

A No. The Partnering process is far more comprehensive than individual or groups of IPTs. Although conceptually the two methodologies have similar objectives - the improvement of contract performance - the IPT approach has a much more limited focus. IPTs generally are streamlined to enhance interaction and teamwork between technical personnel from the Government and the contractor regarding particular issues or subjects (e.g., concurrent engineering; logistics; human factors engineering) which are frequently independent of each other. The Partnering process, however, with its overall program focus, is far more extensive encompassing not only this type of IPT relationship, but also a specific and continuous procedure for the prompt identification and resolution of problems impacting contract performance, the establishment of a Conflict/Issue Escalation Procedure and Alternative Dispute Resolution methodology, and the development of a mechanism for the continuous assessment of program success. The Partnering relationship encompasses the full spectrum of the business relationship between the parties throughout contract performance and is focused upon promoting openness and continuous interaction by maximizing communications.

Q-9 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 for Success Process, tailored as necessary to achieve the objectives of individual programs, is recommended.

Q-10 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-11 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-12 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-13 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-14 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 partner 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 warfighters and customers with the most technologically advanced and reliable equipment in a timely manner.

Q-15 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-16 Does the execution of a Partnering Agreement mean that disagreements between the parties will no longer be permissible?
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-17 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-18 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/Issue 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-19 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/Issue Escalation Procedure). It is noted that AMC does have experience with the use of Corporate 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 those instances, however, the parties specifically recognize the necessity to formulate individually designed Partnering Agreements for each of those contracts.

Q-20 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. Furthermore, use of the Partnering process should always be carefully considered in conjunction with all acquisitions of $10M or more.

Q-21 Is Partnering limited to use in sole source acquisitions?
A No. The Partnering process can be employed in conjunction with both sole source and competitive acquisitions.

Q-22 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-23 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-24 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 web site as well as during Pre-Solicitation and Pre-Proposal Conferences.

Q-25 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 communica-
tions 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-26 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 con-
tinuous basis, promotes the establishment of a cooperative relationship based upon trust
and honesty, and specifically empowers the stakeholders, starting at the lowest organiza-
tional level, to work together as a team to expeditiously resolve problems. It cannot, how-
ever, 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-27 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/Issue Escalation Procedure)
and to assure the continuing commitment of the parties.

Q-28 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-29 Is it imperative that a facilitated Partnering Workshop be conducted?

A Yes. It is imperative that a facilitated Partnering Workshop be conducted to ensure
the successful implementation of the Partnering process. Furthermore, it is imperative
that the facilitator be experienced in the Partnering process and familiar with the AMC
Partnering for Success Model. 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/Issue Escalation Procedure, and metrics for the assessment of program success.

Q-30 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-31 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-32 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-33 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 (e.g., hiring the facilitator, renting the workshop facility) and pay their own costs related to transportation, lodging, per diem and salaries.

Q-34 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.