

PARTNERING FOR EXCELLENCE

In early 2000, the Hong Kong Housing Authority launched its reform program “Quality Housing Partnering for Change” in the first quarter of 2000. The program was formulated after a public consultation process during most stakeholders and respondents agree that there was an urgent need to uplift building quality with **Partnering** as the key element to success. This approach was further endorsed by the Construction Industry Review Committee in its report to the Hong Kong SAR Chief Executive — “... integration of a partnering approach into the contractual relationship by developing a new form of contract that is based on co-operation, client focus and commitment to best practice for application to local construction projects.”

In Hsin Chong Construction Group Ltd. (“Hsin Chong”)’s 1999/2000 Annual Report, Hsin Chong stated that it “fully supports actions by the Housing Authority to enhance the quality of public housing by adopting a ‘partnering’ approach with all of its stakeholders.” Hsin Chong views that Partnering as a means to foster an open and unified commitment among major stakeholders towards achieving excellence in construction works. Thus Hsin Chong has adopted Partnering as its relationship management philosophy at both strategic and project levels.

Strategic — Owing to the complex nature and wide range of construction works, subcontracting is desirable within the industry. Hsin Chong believes that in order to produce a quality product effectively and efficiently, it must have the same commitment to excellence from its subcontractors that it has from its employees. As such, Hsin Chong can only expect such commitment if its subcontractors are treated as an equal business partner and not “just a vendor”.

The cornerstone for building an effective partnership with subcontractors is equity. Risks can never be removed totally in any business. However, through the Partnering approach, Hsin Chong believes that risks should be shared and apportioned in accordance with the party best able to manage and assume it.

In the middle of 2000, Hsin Chong established a task force to study and further develop this partnering approach with existing subcontractors as a means to achieve a better understanding of the needs of its subcontractors and suppliers, to determine how Hsin Chong and its subcontractors and suppliers can work together to improve the quality of construction works and related processes — in other words, how Hsin Chong can effectively partner with its subcontractors and suppliers to improve Hsin Chong’s competitiveness and raise the quality standards of its construction works.

In addition to a critical self review of existing systems on site supervision, payment procedure, management structure and contract terms, 33 subcontractors were selected from 132 candidates and invited to comment on Hsin Chong’s systems. Data and comments received were analyzed. Hsin Chong’s procurement and subcontractor management systems were improved accordingly.

To signify the parties’ commitment towards this partnering approach, Hsin Chong organized a workshop with over 170 subcontractors and suppliers in December 2000. At the end of the workshop, all of Hsin Chong’s senior management, led by Hsin Chong’s Chairman, and all of the subcontractors and suppliers signed a Partnering Charter.



Partnering Charter

PARTNERING FOR EXCELLENCE *(continued)*

Project Specific — Since 1999, Hsin Chong has implemented the Partnering approach at several of its projects, including Kwai Shing East Estate Phase 7, Tseung Kwan O Area 73A Phase 4 and Tuen Mun TMTL 384 Area 4C. The following is an example of the Partnering process for the project-level.

At the commencement of the Tuen Mun Area 4C Project for the Hong Kong Housing Society (“HKHS”), all stakeholders — HKHS, Hsin Chong, consultants and subcontractors — attended a workshop to affirm their personal commitment to Partnering. By working through six phases of the workshop, each stakeholder developed confidence in their own ability to undergo change, to work with each other and to appreciate the aspirations and viewpoints of other stakeholders.

During the workshop, the participants developed a Charter which included a pledge to work together and resolve all day-to-day operational issues through an “Issue Resolution/Opportunity Realization” system. All parties realized that issues or disagreements cannot be avoided during the construction process. However, all parties realized that, as business partners, their ultimate objective is the same — to complete the project on time, on budget and with the highest quality standards. As a result, the parties were determined that these issues and disagreements can and should be resolved promptly and amicably.

The “Issue Resolution/Opportunity Realization” system provided a three level escalation process — initially through frontline supervisors, then designated “champions” at the site management level and, if necessary, senior management. The system encourages all stakeholders on the project outcome by (a) instituting a short time frame of resolution at a given level before escalating to the next level; and (b) focusing on the issues and underlying facts, rather than personalities by requiring fact-based analysis and recommendations when escalating to the next level of management.

To maintain an effective partnering framework, frank and continuous communication among stakeholders is vital. All major stakeholders — HKHS, its representatives, Hsin Chong and 15 of its subcontractors, provide feedback on seven aspects of the Partnering relationship by scoring each aspect on a monthly basis. Scores are discussed at Partnering meetings. Improvement actions are discussed and agreed with respect to unsatisfactory scores and results closely monitored.

As Dr. Cheng Hon Kwan, Chairman of the Hong Kong Housing Authority stated at the Quality Housing Partnering Symposium on 19th October, 2000, “Partnering ... means good communication, a common understanding of mutual expectations ...” Hsin Chong is committed to Partnering because it will enable Hsin Chong to achieve a thorough understanding of who its customers are and what are their requirements, needs and desires.