

International Partnering Institute

Partnering Potential Indicator – Risk Analysis

The **Partnering Potential Indicator (PPI)** is a tool to help evaluate whether or not to partner a particular construction project. It is based on research on hundreds of projects ranging in size from \$400,000 to \$2.5 billion, and it measures risk of potential disputes.

To use the **PPI** for a project, respond to each statement, indicating whether you feel that you strongly agree, strongly disagree, or are somewhere in between with how the statement applies to the project. Your first reaction is most accurate – spending time analyzing will give you less accurate results.

It is suggested that each party involved in the project have at least two to five people complete the PPI for the project to assess their perceptions of risk to the project, and then to compare their scores to determine if partnering will benefit the project. The parties can also agree on the appropriate Level of Partnering to use on the project by comparing the outcome to the IPI Vertical and Horizontal Matrices (pictured below).

Note that if there are vastly different scores between parties or individuals that complete the PPI, there should be discussions about where and why there are differences in perceptions about the risk to the project.

How to Complete the Partnering Potential Indicator

Enter your scores to the statements as follows:

- Strongly Agree 1
- Agree 1.5
- Neither Agree nor Disagree 2
- Disagree 2.5
- Strongly Disagree 3.0

IPI Vertical Construction Project Partnering Matrix						
Example Potential Risk Factors						
Every Construction project encounters risks. Below is a short list of typical risks that a job may encounter. If your project encounters any of these risk factors, consider elevating your Partnering to the next higher level to ensure project success.						
Level	Project Value	Complexity	Political Significance	Relationships	Desired Level of Engagement	Partnering Elements
5	Very Large/High Impact/Power Projects (>\$200M - \$500M+)	Highly Technical and Complex Design and Construction	High visibility/complexity Significant strategic project	New Project Relationships including: New Contractors, Sub, Agencies, Third-parties, CM, High Turnover new Sub, High Potential for conflict (strained relationship, previous litigation, or high probability of claims)	Very High	Requirements: All Project Level 4 Requirements and... Regular Partnering Meetings (Design Through Construction) Multi-Tiered Partnering (Executive - Core Team - Stakeholder) Special Task Forces for specific issue resolution
4	Large (New design, new contracting method, or challenging technology) (>\$100M - \$200M)	High Complexity (new technology, schedule, unknown risks, new supply chain, etc.)	Probable - Organization merge or stake	New Contractors or CM, New sub/relationships	High	Requirements: New Project Relationships (Design Through Construction) Multi-Tiered Partnering (Executive - Core Team - Stakeholder) Regular Partnering Meetings Subcontractor onboarding/offboarding Partnering Training required
3	Medium (\$10M - \$25M)	Increased Complexity	Likely, depending on the size of the client and place of importance	Established Relationships New CM, Sub, Agencies, or other key Stakeholders	Moderate/High (seeking risk mitigation and project efficiencies)	Requirements: All Project Level 3 Requirements and... Regular Partnering Meetings Executive and Core Team Partnering Training - when team agrees
2	Small (\$5M - \$10M)	Moderate Complexity	Unlikely, unless in a place of importance	Established Relationships New Sub, New Agencies, New Stakeholders	Moderate (seeking risk mitigation and project efficiencies)	Requirements: All Project Level 2 Requirements and... Regular Partnering Meetings Executive and Core Team Partnering Training
1	Micro/Short Duration (\$0 - \$5M)	Standard Complexity	Unlikely, unless in a place of importance	Established Relationships New Sub, New Agencies, New Stakeholders	Low to Moderate (For small budget and/or short time line priority, Partnering can reduce risk and focus on project efficiencies)	Requirements: All Project Level 1 Requirements and... Regular Partnering Meetings Executive and Core Team Partnering Training

IPI Vertical Matrix

IPI Horizontal Construction Project Partnering Matrix						
Example Potential Risk Factors						
Every Construction project encounters risks. Below is a short list of typical risks that a job may encounter. If your project encounters any of these risk factors, consider elevating your Partnering to the next higher level to ensure project success.						
Level	Size (New or Renew)	Complexity	Political Significance	Relationships	Desired Level of Engagement	Partnering Elements
4	Very Large/High Impact/Power Projects (>\$200M - \$500M+)	Highly Technical and Complex Design and Construction	High visibility/complexity Significant strategic project	New Project Relationships including: New Contractors, Sub, Agencies, Third-parties, CM, High Turnover new Sub, High Potential for conflict (strained relationship, previous litigation, or high probability of claims)	Very High	Requirements: All Project Level 5 Requirements AND... Regular Partnering Meetings (Design Through Construction) Multi-Tiered Partnering (Executive - Core Team - Stakeholder) Special Task Forces for specific issue resolution
3	Large (New design, new contracting method, or challenging technology) (\$100M - \$200M)	High Complexity (new technology, schedule, unknown risks, new supply chain, etc.)	Probable - Organization merge or stake	New Contractors or CM, New sub/relationships	High	Requirements: All Project Level 4 Requirements AND... Regular Partnering Meetings (Design Through Construction) Multi-Tiered Partnering (Executive - Core Team - Stakeholder) Regular Partnering Meetings Subcontractor onboarding/offboarding Partnering Training required
2	Small (\$5M - \$10M)	Moderate Complexity	Unlikely, depending on the size of the client and place of importance	Established Relationships New CM, Sub, Agencies, or other key Stakeholders	Moderate/High (seeking risk mitigation and project efficiencies)	Requirements: All Project Level 3 Requirements AND... Regular Partnering Meetings (Design Through Construction) Multi-Tiered Partnering (Executive - Core Team - Stakeholder) Regular Partnering Meetings Subcontractor onboarding/offboarding Partnering Training required
1	Micro (\$0M - \$5M)	Low Complexity	Unlikely, depending on the size of the client and place of importance	Established Relationships New Sub, New Agencies, or other key Stakeholders	Low to Moderate (For small budget and/or short time line priority, Partnering can reduce risk and focus on project efficiencies)	Requirements: All Project Level 2 Requirements AND... Regular Partnering Meetings (Design Through Construction) Multi-Tiered Partnering (Executive - Core Team - Stakeholder) Regular Partnering Meetings Subcontractor onboarding/offboarding Partnering Training required

IPI Horizontal Matrix

How to Interpret your *Partnering Potential Indicator Scores*

If your score is between:

- 80 – 90 **Low Risk - There is low risk to this project’s success.** Partnering will still help reduce risk by examining each challenge and planning for its management, and will provide an opportunity to gain an understanding of what each stakeholder needs so you can better execute the project. Typically, the Project Managers from the Owner and the Contractor can "self-direct" the process. IPI recommends implementing Level 1 Partnering on this type of project. If your team handles the risk - great! If you get stuck, you can always call an IPI Certified Professional Construction Partnering Facilitator to help steer the process.
- 70 – 79 **Medium Risk – This project has “medium” risks to its success.** Partnering offers your project a significant benefit. Working through the major challenges identified in the PPI (i.e. statements with scores of 1 – 1.5) will significantly increase the chances for a successful project. Your team should consider hiring an IPI Certified Professional Construction Partnering Facilitator to help steer the partnering process. Depending on the budget and complexity, IPI recommends implementing Level 2 or 3 Partnering on this project.
- 33 – 69 **High Risk – This project faces a significant threat of conflict, communication and relationship problems.** This project has enormous benefit to be gained from partnering, as it has many challenges that are best faced as a team. The process should be led by an IPI Certified Construction Partnering Facilitator. Depending on the budget and complexity of the project, IPI recommends implementing Levels 3, 4 or 5 Partnering for this type of project.

Partnering Potential Indicator

Project		Score	Scoring Criteria	
1	You don't know the people you will be working with			
2	The design is complex			
3	There is history of personality conflicts			
4	The contract documents are unclear or ambiguous			
5	There is a significant power imbalance between two or more organizations			
6	There are many different organizations (in addition to the Tri-party members) working on this project			
7	The construction is complex			
8	Some of the people are inexperienced			
9	Cooperation of others is needed for success			
10	You are concerned about the performance of one or more stakeholders			
11	The project is rushed and pre-planning is minimal			
12	There are sever budget constraints			
13	There is a history of disputes between the parties or individuals on the project			
14	A third party poses a significant threat			
15	One or more of the organizations has a "bureaucratic" organizational structure		Strongly Agree	1
			Agree	1.5
16	There is a significant potential for changed conditions during the completion of this project		Neither Agree nor Disagree	2
17	The project is politically visible or challenging		Disagree	2.5
18	The roles and responsibilities of all stakeholders are not clear and/or understood		Strongly Disagree	3
19	Time is critical			
20	A supplier(s) is critical to success of the project			
21	There are potential environmental issues			
22	Site conditions are a challenge			
23	This is a large project for you			
24	Stakeholders(s) may be unresponsive to problems			
25	Documents may not be interpreted fairly			
26	Another stakeholder is not a team player			
27	Payments may not be prompt			
28	There is no strong leadership			
29	The scope of work is unclear or inaccurate			
30	One or more of the stakeholders is inexperienced with this type of project			
31	You have never worked together before			
32	You are not concerned about a long-term relationship			
33	There are no opportunities for innovation in this project that you would like to explore			
TOTAL				