

NEC Secondary Option X12 Multiparty Collaboration

Presented by
Andrew Wooldridge-Irving



'Giving priority to your commercial success'

Disclaimer: the legal information given on the following slides does not constitute legal advice and is presented as the interpretation and opinion of the presenter on such matters.

About Us




GVE Commercial Solutions Ltd are a commercial management consultancy providing quantity surveying and programming services. Our consultants specialise in the NEC forms of contract.

Our NEC capability has principally been acquired through practical application and experience within 'live' project environments assisting both contractors and subcontractors.

Our specialist NEC services include;

- Commercial and contract management of projects,
- Bespoke training,
- Project health check reviews,
- Contract reviews,
- Programme management,
- Dispute avoidance and/or resolution.

For further information please see our website: www.gvecs.co.uk and follow us on LinkedIn 

'Giving priority to your commercial success' - www.gvecs.co.uk



Partnering

'Giving priority to your commercial success' - www.gvecs.co.uk

3



Background

In many industries the need to build effective relationships to facilitate a successful project outcome is a 'normal' expectation.

By contrast, the chaotic influence of a dysfunctional group is all too commonly accepted as 'normal' in the construction industry.

In recent years there has been an increasing level of dissatisfaction regarding the adversarial and inefficient environment in which construction projects are undertaken.

A model which asserts to overcome these shortcomings is that of 'relational contracting'.

The relational contracting model comprises various forms of a collaborative arrangement including 'partnering'.

'Giving priority to your commercial success' - www.gvecs.co.uk

4

Definition



'A commitment to working collaboratively'.

Within a partnering arrangement specific project participants become a member of the partnering team.

The partnering relationship is based on; trust, commitment to common goals and an understanding of expectations and values.

There are various forms of partnering arrangements, including;

- One-off,
- Long-term,
- Strategic.

Many of the adopted partnering processes come from the Japanese construction industry which applied the principles of 'total quality management' and 'lean manufacturing'.

'Giving priority to your commercial success' - www.gvecs.co.uk

5



'Other' Relational Contracting

'Giving priority to your commercial success' - www.gvecs.co.uk

6

Alliancing



This is essentially a partnering arrangement which extends collaboration to encompass both the contractual and organisational arrangement.

Each alliance partner maintains their independence although;

- operates within an alliancing contract arrangement,
- shares risk and reward with other alliance partners,
- assumes joint 'ownership' of the alliance,
- continues to be part of the alliance until the agreement terminates.

One of the primary ethos requirements of an alliance is a commitment to 'no disputes'.

A strategic alliance is effectively a framework alliance agreement which forms a relationship between the alliance partners.

NEC published an Alliance contract (ALC) form in 2018.

'Giving priority to your commercial success' - www.gvecs.co.uk

7

Joint Venture



This is where a new and separate organisation is created, between two or more organisations, for the purpose of undertaking a particular task or activity.

A joint venture may be formed for a variety of reasons, including;

- To combine resources,
- Cost savings via economies of scale,
- Expansion into different markets.

The level of collaboration within a joint venture is determined by;

- the terms upon which the organisations engage with one another,
- the purpose of the joint venture,
- the structure of the joint venture.

'Giving priority to your commercial success' - www.gvecs.co.uk


8



X12 – Multiparty Collaboration

'Giving priority to your commercial success' - www.gvecs.co.uk

9



Background

An NEC Partnering Option was originally published in June 2001 and identified as 'Option X12'.

The content was derived from the Construction Industry Council publication;

- 'Guide to Project Team Partnering'

The above was originally published in June 2000 with the 2nd edition printed in 2002.

With the release of NEC3 contracts in 2005, the Partnering Option was included as secondary option 'X12 – Partnering'.

With the launch of NEC4 in 2017, secondary option X12 was re-named as 'Multiparty Collaboration, with some minor updates.'

'Giving priority to your commercial success' - www.gvecs.co.uk

10

NEC Suite



Secondary option X12 can be found in the following NEC forms of contract;

- Engineering and Construction Contract (ECC),
- Engineering and Construction Subcontract (ECS)
- Professional Services Contract (PSC),
- Professional Services Subcontract (PSS),
- Term Services Contract (TSC),
- Term Services Subcontract (TSS),
- Facilities Management Contract (FMC),
- Facilities Management Subcontract (FMS),
- Supply Contract (SC).

Note: The 'short form' contracts do not contain any particular requirements for 'partnering'.

'Giving priority to your commercial success' - www.gvecs.co.uk

11

X12 - Roles



The main roles which operate under this option are as follows;

Promoter

Identified as a Partner.

Determines the objectives the Partners are to achieve.

Appoints a representative to lead the Core Group.

May add a KPI to the Schedule of Partners.

Partner

Has a contract in connection with the project that includes option X12.

Collaborates to achieve the Promoter's and Partner's objectives.

Nominates a representative to act in dealings with other Partners.

Selects the members of the Core Group.

When requested, provides information and advice.

'Giving priority to your commercial success' - www.gvecs.co.uk

12

X12 - Roles (Cont'd)



Core Group

- Decides when members join and leave the group.
- Acts and takes decisions on behalf of the Partners.
- Decides how the Core Group will operate.
- May instruct a change to the Partnering Information.
- Maintains a Schedule of Core Group Members.
- Maintains a Schedule of Partners.
- Prepares and maintains a timetable showing the timing of Partner contributions.
- Issues any revised documentation to the Partners.

X12 – Other Components

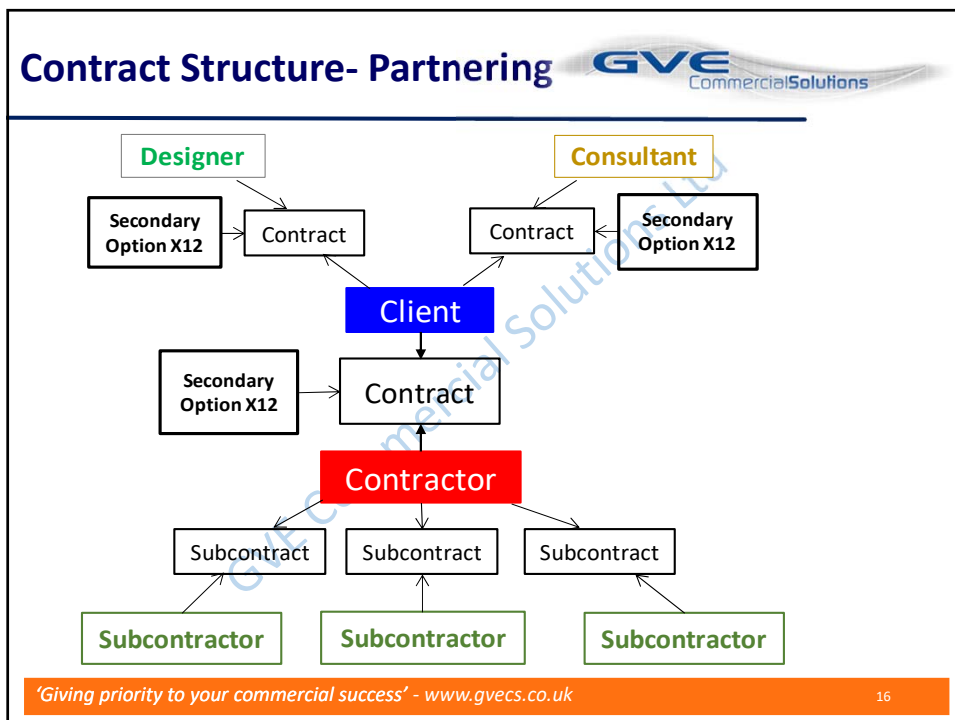
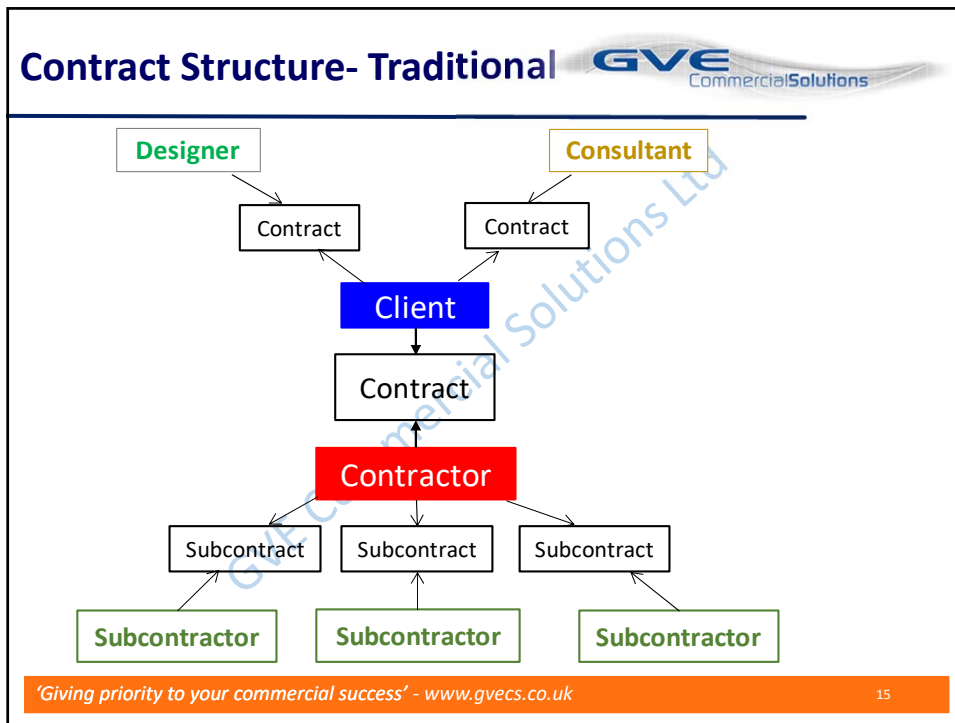


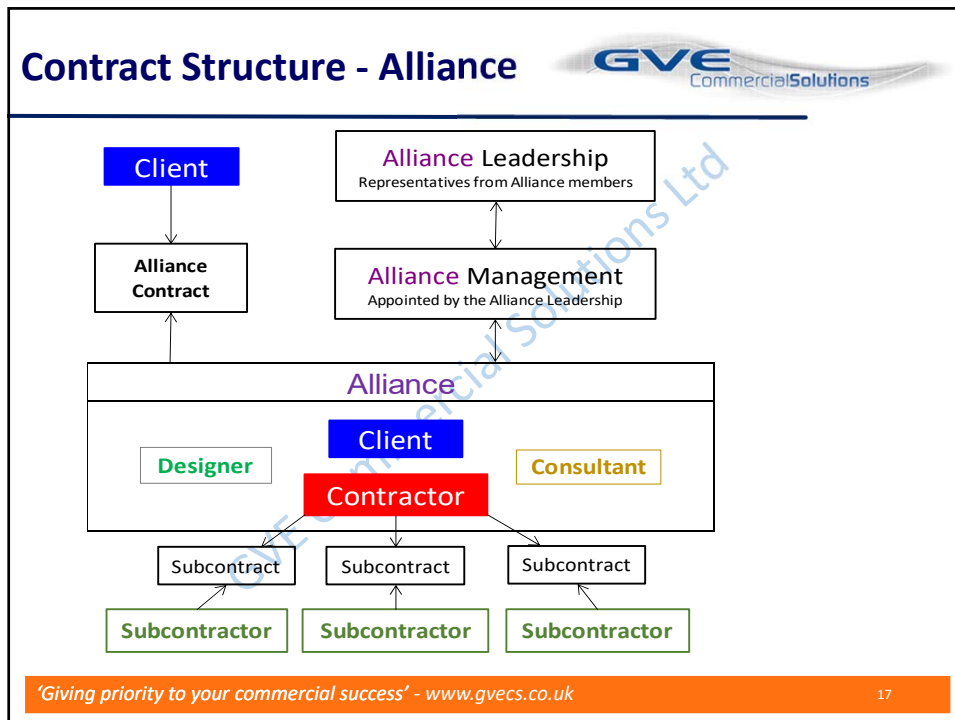
Partnering Information

- This is information that specifies how the Partners collaborate.
- States the common information system to be used by the Partners.
- States the authority of the Core Group to act on behalf of the Partners.

Schedule of Partners

- This is a list of the Partners.
- It sets out the objectives of the Partners.
- It includes targets for performance.
- It includes Key Performance Indicators for an aspect of performance.
- It states amounts paid to a Partner if the target stated for a Key Performance Indicator is achieved.





Attitudes and Behaviours

Simply bringing people together under a partnering arrangement, such as Option X12, doesn't guarantee success.

The essential ingredient to successful partnering, that is to produce a sum that is greater than the parts, is collaboration.

Relational contracting, as the name suggests, relies on the relationships between organisations and especially the individuals within them.

Teams go through different stages as they develop, as identified by the Tuckman Model, which identified 5 stages as follows;

- Forming,
- Storming,
- Norming,
- Performing,
- Adjourning.

'Giving priority to your commercial success' - www.gvecs.co.uk 18

Further Issues



Early formation of the partnering team allows for transition to the 'Performing' phase in a timely manner.

Consider the use of a partnering workshop to; facilitate understanding, develop a collaborative approach and to integrate the team.

Provide ongoing facilitation and support.

Implement appropriate alternative dispute resolution techniques to address 'issues' between Partners before they become 'entrenched'.

Consideration should also be given to the supply chain who are not part of the partnering team.

Partnering doesn't prevent issues arising but increases the likelihood of a successful outcome, through the use of a collaborative approach.

'Giving priority to your commercial success' - www.gvecs.co.uk

19

Things to Consider



Will secondary option X12 enhance your project delivery?

As a Client, do you have the 'resource infrastructure' in place to successfully implement option X12?

Identifying appropriate KPIs and the associated measurement and reward.

Dealing with contractual 'issues' as and when they arise.

Plan for how members either join or leave the Core Group.

Provide clear, comprehensive and concise Partnering Information.

Don't neglect contract actions by focussing too much on partnering.

If you haven't used option X12 before, don't expect miracles !!

'Giving priority to your commercial success' - www.gvecs.co.uk

20

About Us




GVE Commercial Solutions Ltd are a commercial management consultancy providing quantity surveying and programming services. Our consultants specialise in the NEC forms of contract.

Our NEC capability has principally been acquired through practical application and experience within 'live' project environments assisting both contractors and subcontractors.

Our specialist NEC services include;

- Commercial and contract management of projects,
- Bespoke training,
- Project health check reviews,
- Contract reviews,
- Programme management,
- Dispute avoidance and/or resolution.

For further information please see our website: www.gvecs.co.uk and follow us on LinkedIn 

'Giving priority to your commercial success' - www.gvecs.co.uk

21