

Alliancing and Alliance Contracting

Session 2 – Governance, roles and performance

CCPS Collaborative Commissioning series

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An alliance can be used for ...

- the design of projects or services
- the delivery of projects or services
- the delivery of a programme of works
- supply chain integration

To name a few

The intelligent client/participant

- Understand Alliancing
- Know why you have chosen an Alliance
- Be certain on its purpose and the outcomes wanted
- Be committed to it
- Have organisational buy-in
- Ensure all parties are aligned

Evidence base for successful alliances

Literature review on success in alliances undertaken in 2015:

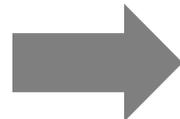
- Over 80 references found
- Cover wide spectrum of alliance types
- Different papers use different definitions of success

Findings

There are common themes about success, or more importantly, what can cause difficulties or even failure

For full paper and executive summary see

www.lhalliances.org.uk



Dimensions of Success

Trust and loyalty between partners

- Trust substitutes for hierarchical control
- Partner selection, goal congruence and early relationship formative processes are key
- Avoid partner opportunism

High quality decision making processes

- Unanimity and participation
- Need trust and reciprocity

Management capability and capacity

- Ability to manage interdependencies with individual organisations
- Co-ordination, communication and bonding are key

Flexibility and dynamism

- Alliances evolve over time
- Leaders and key people have to be responsive and function with ambiguity and uncertainty

The Owner Roles in an Alliance

The owner's role in an alliance

There are 2 roles for the owner

- Owner as client
- Owner as Alliance Participant

- Nominate Senior Responsible Officer
- Nominate personnel for the ALT
- Nominate personnel for any other roles

The alignment of the business objectives and commercial drivers of the owner and the participants ensures there is no conflict in these roles.

Owner as client

- Knowledge of the client's Governance framework
 - The governance for the project must accord with the Client's own governance processes
- Who is the nominated person and what powers are delegated?
- What powers are reserved to the client?
 - What ability has the nominated person to make decisions which commit the client beyond the scope of the project?
- What obligations does the Client have?
 - Policies to be met
 - Demonstration of Value for money
- Contractual obligations
 - What legal obligations are set by the form of contract

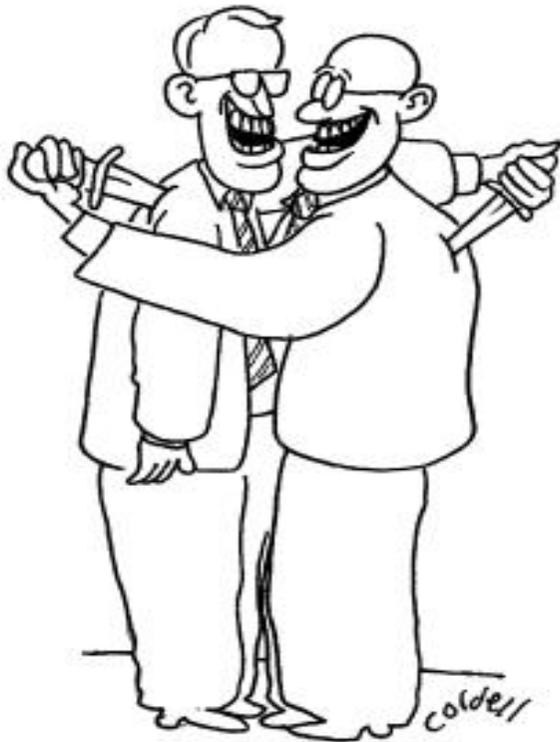
Owner as alliance participant

- As a representative of your organisation in the Alliance
 - For the Leadership Group to succeed the individual members must have authority from their own organisation to commit that organisation.

- As a representative of the Alliance in your organisation
 - The Leadership Group must provide organisational leadership and influence in their home organisation – they should champion the Alliance and clear the pathway for the team to do their work.

Choose the Right Partners

It's important!



Alliance partners must be able to:

- Accept and manage change
- Challenge the old; listen and communicate
- Think of new ways; communicate, involve users
- Collaborate and be part of an integrated team
- Be trusted and generate ownership of new approaches
- Be service delivery leaders
- Be commercially astute
- Have the right skilled resources
- Know how to identify and deal with risk and to realise opportunities
- Be flexible

Alliance culture

- No more “us” and “them”.....replaced by “we”
- “High performance” and innovation
- High degree of interaction between owners and providers through all stages
- “Best for service” decisions rather than best for individual participants

Over to you ...

At your tables

For the services you were discussing earlier

- Who might your partners be?
- How would you select/invite them?



Performance and high performance

Alliance culture

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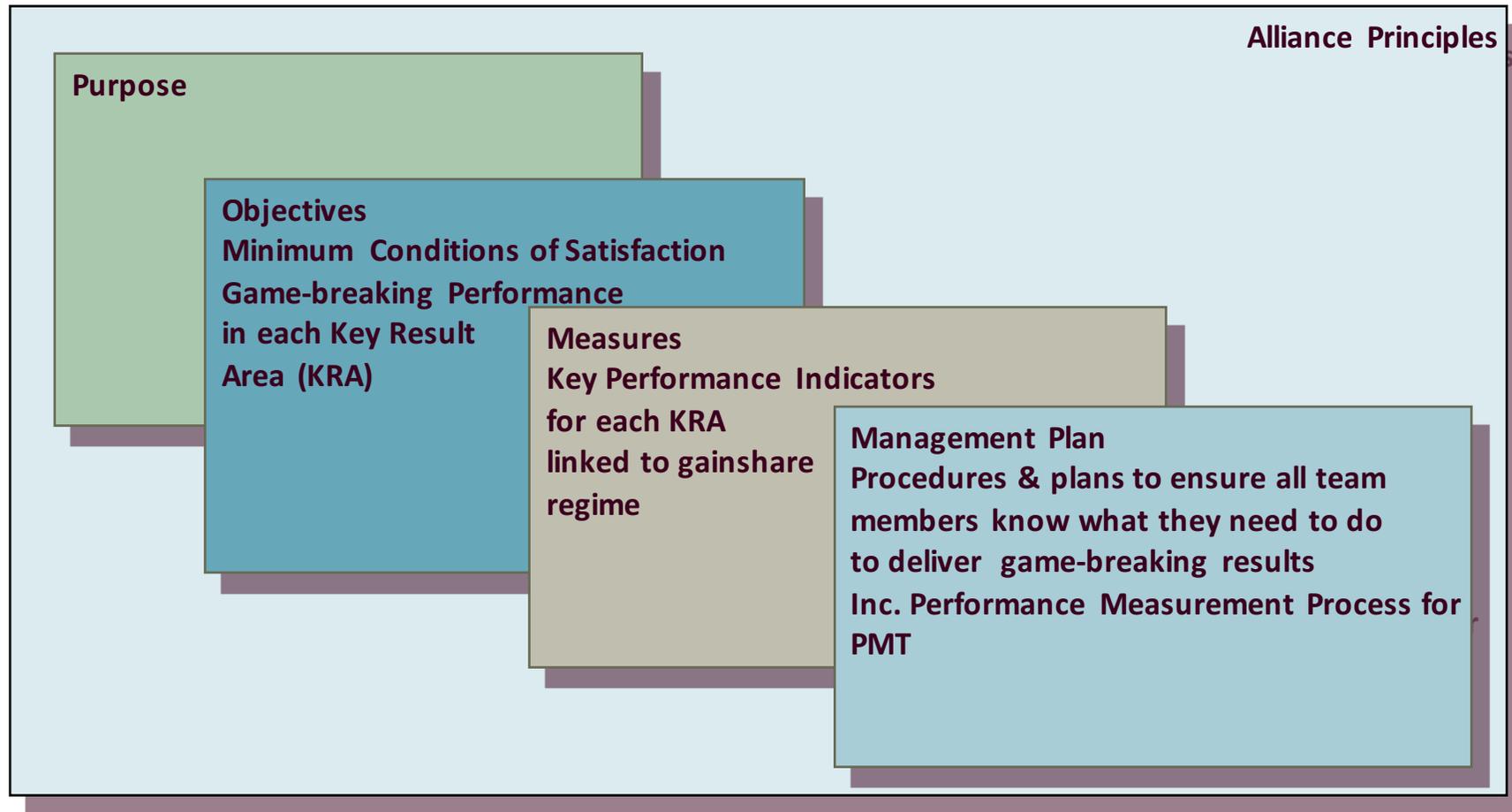
Clarity about what constitutes success

1. The owner must describe the criteria that would signify success
2. The owner must hold the Alliance accountable for achieving these criteria
3. The owner must monitor performance regularly

What can go wrong?

- Traditionally operations fail in all three areas, especially in the first and third
- Outcome expectations are rarely or incompletely stated
- Acceptable practices and methods are rarely clarified

Performance framework



High Performance

- High Performance is about delivering great outcomes
- High Performance is about people and teams creating ideas and acting on them
- High Performance requires the Alliance, its teams and individuals to develop the necessary environment, skills, awareness and competence so that success is not left to chance

High performance

What are the elements that will give us a high performing Alliance?

Trust

- Shared understanding
- Safe environment
- Defining moments
- Results over time

Integration

- Relationships
- Value & use differences, conflict & tension

Alignment

- Corporate & personal drivers & objectives

Commitment

- Critical mass responsible for outcome
- Whatever it takes attitude

Coordinated action

- Active mutual support
- Coordination & planning

Sustained momentum

- Acknowledging transitions & change
- Managing reality & myths

Risk sharing

- Requires the participants to share and take on new risks
- Drives more rigorous assessment of risk AND opportunity
- More informed risk assessment given owner, provider and end user perspectives can be integrated
- Sharing more and new risks causes the paradigm shifts that generate the different results

Decisions

- Does this action assist us achieving the outcomes?
- Is it in accord with our principles
- Is it in accord with our values and behaviours?



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