



# The evidence base for successful alliancing

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## Executive Summary

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This literature review was undertaken to determine the evidence base for successful alliancing. Alliancing and alliance contracting are generating interest as tools for driving collaboration and integrated working in health and other public services. It is important to understand what makes alliances successful so that we can incorporate the learning and experience of others as we apply them in new contexts.

We conducted searches in Google Scholar for variations on the word alliance and alliance contracts. Further material came from reference lists of papers identified and requests to alliance specialists.

Over 80 publications were identified covering a wide range and depth of basic research, observational studies and theoretical frameworks. Our analysis showed:

1. Alliances are flexible and adaptable so can take many forms. The well described 'project alliances' typically in infrastructure and construction are one subset, industry strategic alliances for mutual benefit in the market are another. In between there are numerous hybrid forms that are created for particular circumstances.
2. Alliance success is also broadly defined. Traditional economic measures and achievement of objectives are commonly seen as the core elements but other benefits are also described. These can be the synergy of bringing resources together, creation of new skills and capabilities, durable relationships and competitive advantage.
3. Taking the above into account, it is hard to aggregate the literature to quantify the impact of any single factor on success. However our analysis shows that, regardless of the type of alliances or the sector or industry, the same interrelated and interdependent themes emerge. These are:

### **a. Trust and loyalty between parties**

Trust substitutes for hierarchical control. Partner selection and strategic, goal and incentive congruence are critical. Uncertainty about partner behaviour hinders the establishment of trust. Reducing the risk of partner opportunism requires attention to differences in economic benefits, cultural diversity and the time horizon for return on the investment for each partner. Interestingly equity alliances (where there is a shared investment between parties) appear to engender stronger partner loyalty and are more successful than non-equity alliances.

### **b. High quality decision making processes**

Alliances create a unique context for decision-making with unanimity and participatory processes. Appropriate governance arrangements are needed but not enough. There has to be trust and reciprocity between partners as well as the ability to employ and flex various ways to co-ordinate interactions and activities

as the alliance evolves over time. Constraints on high quality decision-making are multiple decision making centres, uncertainty about partners, ambiguity about the evolution of the alliance and political and micropolitical actions.

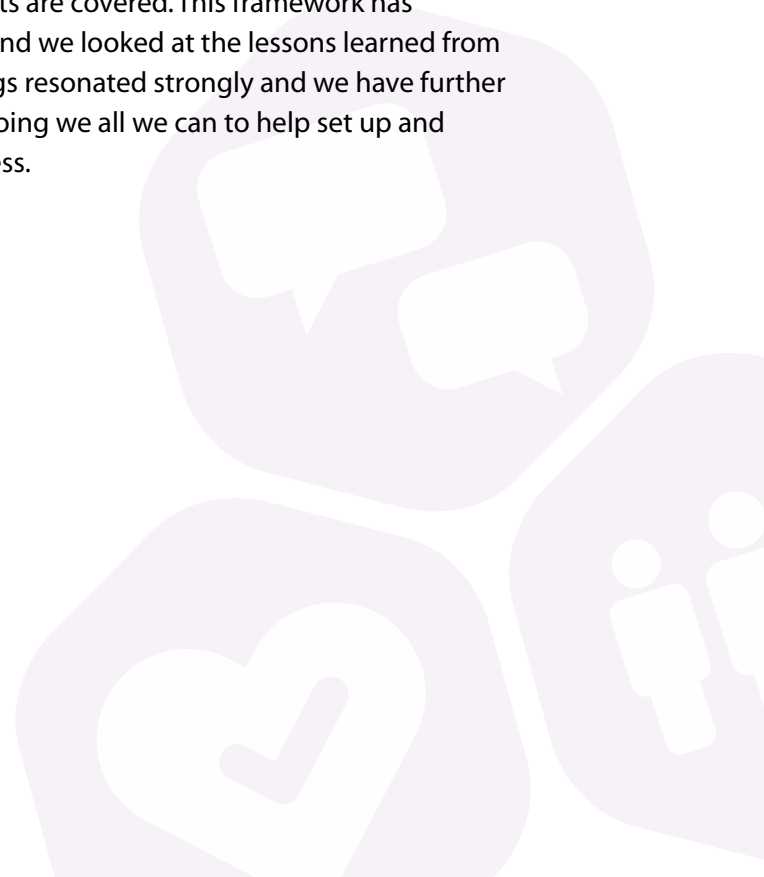
### **c. Alliance management capability and skills**

The multiparty context of alliances requires considerable management capability. Three distinct skills are co-ordination of joint tasks, communication with sharing of relevant knowledge and information and a bonding process for social integration. Proactiveness and ability to modify the alliance activities over time are positive aspects. All these are self-reinforcing, building management effectiveness as experience grows. Challenges arise when there are divided authority structures, information asymmetries and underdeveloped personal relationships.

### **d. Flexibility and dynamism**

Although woven into the other three themes, flexibility and dynamism stands out as a theme in its own right. Alliances are, by design, flexible and must evolve to accommodate contextual changes. The co-ordination, social norms, planning and capabilities must all reflect this and the leadership and management need to be able to function with ambiguity and uncertainty.

The implications of these findings are critical as we create alliances in public services. Since our inception we have used a four step framework to help structure and sequence alliance development to ensure key components are covered. This framework has evolved over time as our experience widened and we looked at the lessons learned from our and others' experience. The research findings resonated strongly and we have further strengthened some aspects to ensure we are doing we all we can to help set up and operate alliances in a way that maximises success.





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This means you can move from ideas to action and realise your ambitions. Our proven methodologies and frameworks are delivered by experts who, like you, are passionate about the power of collaboration in unleashing innovation and added value.

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