

The Evidence Base for Successful Alliancing

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Research question

What factors make alliances successful?

Reason for research

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 the learning and experience of others can be applied to new contexts.

Methodology

A literature review was conducted in summer 2015 using search terms "alliance" and "alliance contracts". Further material came from reference lists of papers identified and requests to alliance specialists.

Relevant articles were analysed for components that contributed to success or failure of alliances. Thematic analysis was undertaken to identify, review and group common items to generate the themes.

Results

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

A variety of alliance types are included. The well described 'project alliances' typical 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.

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.

There is no single factor that impacted on success. However, regardless of the type of alliances or the sector or industry, the same interrelated and interdependent themes emerge.

Conclusion

The four themes which encompass the factors commonly cited as important for success in alliances are:

- Trust and loyalty between parties
- High quality decision making processes
- Alliance management capability and skills
- Flexibility and dynamism

Discussion

The implications of these findings are critical as we create alliances in public services. Close attention to these themes and their components will help those designing and developing alliances. There are numerous elements to get right and keep in focus throughout the lifetime of an alliance.

The research findings resonated strongly with our own four step framework for developing alliances and we have further strengthened some aspects to ensure alliances are set up for success.

What is an Alliance?

An alliance is a form of collaboration that involves mutually agreed ways of working to achieve a common goal. Typically there is responsibility, opportunity and risk sharing across all parties. Specific mechanisms for collaborative decision making and the commercial arrangements create a strong sense of 'your success is my success, your problem is my problem'.

The four themes identified in the review are:

1. Trust and loyalty between parties

- Trust substitutes for hierarchical control
- Based on commitment and reciprocity
- Need careful partner selection
- Strategic, goal and incentive congruence is critical
- Constrained by differences in economic benefits, cultural diversity and time horizons for return on investment
- Equity alliances (shared investment between parties) engender stronger partner loyalty than non-equity

2. High quality decision making processes

- Unanimous and participatory
- Requires co-ordination and appropriate governance
- Aided by trust and reciprocity as well as flexibility over time
- Constrained by multiple decision-making centres, uncertainty about partners, ambiguity about the alliance and political and micropolitical actions

4. Flexibility and dynamism

- Woven into other themes but important in its own right
- Alliances are flexible by design
- The co-ordination, social norms, planning and capabilities must evolve
- Leadership and management need to function with ambiguity and uncertainty

3. Alliance management capability and skills

- Co-ordination of joint tasks
- Communication with sharing of knowledge and information
- Bonding process for social interaction
- Ability to manage interdependencies and interfaces
- Self-reinforcing: management effectiveness builds as experience grows
- Constrained by divided authority structures, information asymmetries and underdeveloped personal relationships

