Alliance Contracting: lessons from the Australian experience

Jim Ross¹, PCI Alliance Services²

This article was prepared by PCI Alliance Services at the request of VDI-Bau³ for inclusion in a study paper focussed on better project management in the construction industry with the focus on public infrastructure projects. The views and opinions expressed in this article are those of the author and may not be supported by other alliance practitioners and commentators.

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1 Jim Ross (jim.ross@pci-aus.com) is a chartered professional engineer with 35 years experience in engineering and management positions relating to the delivery of infrastructure. Jim has been at the forefront of the push towards relationship contracting in Australia and is the author of numerous papers on project alliancing.

2 PCI (www.pci-aus.com) is an Australian-based company that specialises in setting up and supporting high performance teams for the development, operation and maintenance of all forms of complex infrastructure.

3 VDI-Bau is the construction section within VDI (Verein Deutscher Ingenieure), the Association of German Engineers, www.vdi.de
Introduction

Modern-day “alliancing” has its origins in the UK where it was first used in the early 1990s to deliver step change improvements in the delivery of complex offshore oil and gas projects. “Alliance contracting” has been developed and refined in Australia (and New Zealand4) to a point where it is now widely used in both the private and public sector to deliver projects and operate/maintain assets. While it originated elsewhere, the author’s understanding is that alliance contracting has been developed further and is used more widely in Australasia than anywhere else in the world.

This article gives a brief overview of the story of alliance contracting in Australia - past present and emerging trends - and aims to provide insights that may help those who wish to learn and/or draw from the Australian alliance experience.

There are many different types of situations and relationships referred to as “alliances” – as illustrated in Figure 1 below. This article deals only with the situation where an owner (referred to as the “owner participant”) enters into a legal/commercial arrangement with one or more service providers (designers, contractors or suppliers - referred to as non-owner participants or “NOPs”) for the delivery and/or operation/maintenance of a project/asset.

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4 Alliancing has evolved at a similar pace in New Zealand (as in Australia) and the New Zealand experience has made a significant contribution to the body of alliance knowledge. For simplicity this article will only refer to Australia. However in most cases references to Australia can be read to mean Australian and New Zealand.
Key features of Australian-style alliances

Within this narrower context there are many different types of legal/commercial relationships in use (in Australia and around the world) that are referred to as “alliances”. These range from traditional risk-transfer arrangements undertaken in a collaborative manner to “pure alliance” arrangements where nearly all risks (and opportunities) are shared amongst participants. In Australia most of the alliances undertaken have been at the pure alliance end of the spectrum.

Under traditional “risk-transfer” forms of contract, different parties have specific individual obligations and risks are generally allocated to the party considered best able to manage them. There are commercial/legal consequences where a party performs poorly or fails to fulfil its obligations properly. Contrast this with a pure alliance, where the alliance participants assume collective ownership of the risks/opportunities and responsibilities associated with delivery of the project, with equitable sharing (in pre-agreed ratios) of the “gain” or “pain”, depending on how project outcomes compare with pre-agreed targets. Although risks (and opportunities) are collectively “owned”, and are not directly linked to the performance of individual alliance participants, the quantifiable impact of these risks and benefits is still clearly allocated through the gain/pain arrangements which should be set out in precise detail in the Project Alliance Agreement (PAA). Figure 2 below depicts the difference in risk allocation between traditional contracts and pure alliances.

![Figure 2 - Collective sharing of risk/opportunity](image-url)

**Traditional forms of contract**

- Each party has and must fulfil its own separate/individual obligations
- Specific risks allocated to each party with perhaps some shared risks

**Transfer risk**

- Owner obligations
- Contractor obligations
- Owner risks
- Contractor risks

**Fundamental shift in the way risk (and opportunity) are dealt with under the contract**

**“Pure Alliance” approach**

- Nearly all obligations are collective.
- Some individual obligations (e.g. owner’s obligation to pay)

- Preferably all risks shared. However some unique risks may be retained by the owner (noting that it is not normal under a pure alliance for any risks to be borne solely by the NOPs)

- Mostly collective obligations
- Nearly all risks (& benefits) shared

**Figure 2 - Collective sharing of risk/opportunity**
The concept of collective responsibility is fundamental to creating the commercial/legal foundation which has underpinned the success of alliancing in Australia. While a contract may have an alliance-like compensation regime (ie. open book, target cost with performance incentives) and may be referred to as an alliance, if the obligations of the contractor(s) remain distinct from those of the owner it is unlikely to create the kind of one-team "virtual organisation" that has been a key characteristic of most Australian alliances.

Figure 3 below shows the life-cycle for a typical project alliance. Performance targets, including the target cost (usually referred to as the target outturn cost or “TOC”), are developed and agreed by the participants during the project development phase. The alliance participants then work as a fully integrated team through the implementation phase (and the defects correction period) with the aim of meeting or bettering the agreed targets. If the outcome is worse than the agreed targets in any area then it is seen to be a collective problem of the alliance, not the fault of any individual participant. This mindset of "your success is my success, your failure is my failure" is underpinned by the compensation model because the allocation of gain/pain is already pre-determined (and set out in the PAA) and is not linked to (perceptions of) how any particular participant has performed.
The *Project Alliancing Practitioner’s Guide* (Victorian Department of Treasury and Finance, 2006, page 2) defines a project alliance as a commercial/legal framework between an owner (the “owner participant”) and one or more “non-owner participants” (NOPs) for delivering a capital works project, characterised by:

- collective sharing of (nearly) all project risks
- no fault, no blame and no dispute between the alliance participants (except in very limited cases of default)
- payment of NOPs for their services under a “3-limb” compensation model comprising:
  - reimbursement of NOPs’ project costs on 100% open book basis
  - a fee to cover corporate overheads and normal profit, and
  - a gainshare/painshare regime where the rewards of outstanding performance and the pain of poor performance are shared equitably among all alliance participants
- unanimous principle-based decision-making on all key project issues
- an integrated project team selected on the basis of best person for each position.

To take full advantage of the alliance model the governance, leadership and management structures need to reflect and support the intentions of the relationship and the underlying legal/commercial arrangements. Figure 4 below shows the typical governance, leadership and management framework used on Australian alliances.
The role of the Alliance Leadership Team (ALT), sometimes referred to as the Alliance Board, is crucial to the success of an alliance. Figure 5 below gives an overview of the key duties and characteristics of a typical ALT.

**Figure 5 - Alliance Leadership Team duties & characteristics**


**Evolution of alliancing in Australia**

Alliancing was introduced into Australia in the mid 1990’s against a background of growing dissatisfaction with the increasingly adversarial nature of traditional contracting models. In the late 1980s a group representing a cross-section of government and private sector interests in the Australian construction industry (Barrell et al, 1988) concluded that claims and disputes had become endemic in the construction industry in the developed world and that there was no indication that the incidence of claims and disputes was decreasing.
A number of initiatives around the world since 1990 have aimed at reducing adversarial behaviours, improving inter-party relationships and generally improving the efficiency of the building and construction industry. These include:

- Agencies in the US developed what they referred to as “partnering” – a formal management process designed to facilitate better understanding and closer collaboration between parties while still working under a traditional form of contract.

- First published in 1993, the New Engineering Contract (NEC) in the UK is described in the NEC website as “a modern day family of standard contracts that truly embraces the concept of partnership and encourages employers, designers, contractors and project managers to work together through both a powerful management tool and a legal framework to facilitate all aspects of the creation of construction projects”.

- As described by Knott (1996) project alliancing was first used in the UK in the early 1990s to deliver step change improvements in the delivery of complex offshore oil and gas projects.

In Australia:

- Following its launch into Australia the early 1990s, partnering was used on many public sector civil and building projects around Australia (CIDA, Master Builders Association, 1993)

- In the late 1990s the Australian Constructors Association developed and promoted the concept of “relationship contracting” – which it defined (ACA, 1999) as “a process to establish and manage the relationships between the parties that aims to remove barriers, encourage maximum contribution and allow all parties to achieve success”.

- Various states introduced guidelines and codes of practice to improve the standard of administration on government contracts, and legislation providing more protection to those at the lower end of the contracting supply chain.

- Project alliances were first used to deliver some major oil and gas projects in WA in the early 1990s. As reported by Henderson and Cuttler (1999) Sydney Water, a public sector agency, used an alliance model to deliver the ~$460 million Northside Storage Tunnel project in the late 1990s. This was the first use of a pure alliance model to deliver a public infrastructure project by a government agency in Australia (and perhaps the world).
Since its first use on the Northside Storage Tunnel the use of alliancing in the public sector has increased exponentially as illustrated in Figure 6 below, taken from the 2008 report on public sector alliances in Australia (and New Zealand) by the Alliancing Association of Australasia (AAA) (2008, pages 12 and 13):

Prior to the Northside Storage Tunnel the requirement for competitive tendering in public sector procurement was seen as a major obstacle to alliancing in the public sector. Sydney Water changed this mindset by implementing a selection process that enabled Sydney Water to identify and select the best proponent while establishing an appropriate foundation (in terms of attitudes and relationship) upon which to build a high performing alliance. While many different forms of alliance selection processes have evolved in Australia since then most of the processes used today still retain the essential features that were pioneered by Sydney Water for the Northside Storage Tunnel – specifically:

- Proponents (comprising consortia of designers and constructors) are invited to compete for selection to join the owner in the alliance.

- A preferred proponent is selected based on an assessment against the following criteria, without any direct price competition:
  1. Track record and proven capabilities, both companies and nominated individuals
  2. Approach to the project including resourcing, innovative ideas, plans and strategies for each phase of the project, organisational structures, etc.
  3. Affinity for alliancing
• Certain commercial aspects (e.g., the principles and overall framework for gain/pain, fee percentages, terms of the Alliance Agreement) are discussed with a final shortlist of proponents before selection of the preferred proponent. The owner and the preferred proponent then align on all outstanding aspects of the Alliance Agreement. Note that this does not include cost or other performance targets, as these are only developed after the alliance has been formed.

• The owner’s assessment is based on information gathered from various sources including a written response to a Request for Proposals (RFP) document issued by the owner, interviews, meetings and alliance development/selection workshops with the leaders, managers and other key staff nominated for the actual alliance by the proponent, references, site visits etc.

The value for money debate

Figure 7 below shows data presented in the AAA 2008 report (Alliancing Association of Australasia, 2008 page 21) on actual versus target outcomes for cost and time performance from a sample of 30 completed alliance projects in Australia.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Under Planned</th>
<th>Over Planned</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>TOC</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Duration (months)*</td>
<td>30</td>
<td>11</td>
</tr>
</tbody>
</table>

* 43% were deemed to be 'on-time'

Figure 7 - Cost/time performance data from AAA 2008 report

The AAA preliminary survey indicates around 80% of the 30 projects sampled performed on or better than target in terms of time and cost with only 2 projects performing worse than target in both cost and time. This appears to compare very favourably with the outcomes on similarly complex projects undertaken under more traditional risk-transfer non-alliance models.
However, based on currently available data it is difficult to make any direct comparison (between alliances on non-alliances) on the basis of actual outcome versus target because these targets are established by consensus under an alliance whereas they are usually established by competitive tender under non-alliance contracts. For this reason even where an alliance delivers outcomes that are better than the agreed targets it is hard to prove objectively that the alliance has delivered better value for money than would have been achieved without an alliance because there is currently no way of knowing what the contract price might have been had it been established under the pressure of competitive tendering. Ever since alliancing started to become more widespread there have been concerns about whether alliancing can deliver genuine value for money where the NOPs are chosen without any direct price competition in the selection process. In response to these concerns a modified form of selection process evolved referred to as the “dual TOC” or “competitive price” selection process. The differences between a typical “single TOC” and typical “dual TOC” selection process are illustrated in Figure 8 below:

**Figure 8 - Single TOC versus dual TOC selection process**
Viewed from different perspectives valid arguments can be presented for and against using the dual TOC approach. In the author’s view (Ross, 2008) there are significant disadvantages with using the dual TOC approach and only in rare circumstances would it make sense to do so. Cowan and Davis (undated) and Trueman (2004) present a contra view which favours the multiple TOC approach, while Henneveld (2006) and Hutchinson (2004) generally support the single TOC approach.

While most owners seem to prefer the single TOC approach, including some who have tried both approaches, there are some public sector agencies that still appear to favour the dual TOC approach. The issue of value for money in alliancing is multi-faceted and quite complex and is beyond the scope of this paper to explore in any depth. These days much of the emphasis is on developing systems and processes within the single TOC approach that provide better assurance to the relevant stakeholders that the alliance model will deliver, and has delivered, better value for money (than will/would have been achieved without an alliance).

Criteria and motivation for using an alliance

Traditionally project owners aim to transfer as much of the risk as possible to others – eg. insurance companies, designers and constructors. Many of the more extreme examples of adversarial conduct under contracts occur because the owner, when setting up the contracting arrangements, attempts to transfer risks to parties who are not in the best position to manage those risks. It is generally accepted that risks under a contract should be borne by the party that is best able to manage those risks. Where risks can be clearly allocated and kept separated without undue interference by the contracting parties then a conventional (non-alliance) contract with appropriate allocation of risk is appropriate. In such circumstances, while an alliance would still deliver the project effectively, it is likely that any relative advantages of alliancing would be outweighed by the costs associated with establishing and maintaining the alliance. However where there are:

- numerous complex and/or unpredictable risks,
- complex interfaces,
- difficult stakeholder issues,
- complex external threats,
- very tight timeframes,
- high likelihood of scope/constraint change,
- a need for owner interference or significant value-adding input by the owner, or
- threats and/or opportunities that can only be managed collectively, etc.,
any attempt to allocate the risks to different parties, no matter how well intentioned, may be little more than an illusion and can give rise to an adversarial culture that may threaten the success of the project. Under these circumstances, as illustrated in Figure 9 below the project outcomes are more likely to be achieved (or exceeded) if all the key participants, owner and contractors, assume collective responsibility for delivering the project under an arrangement where they all win or all lose together depending on how the actual project outcomes compare to the agreed targets.

Put simply owners tend to choose alliances when they believe an alliance offers the best chance of achieving their objectives for the project.

In some cases the circumstances may be such that it is clear that the only practical way to deliver the project is under an alliance. More likely the decision will be less clear and the owner must choose a contracting model that is appropriate for the particular circumstances based on a critical and rigorous assessment of how risks and opportunities could be managed under an alliance compared with how they would be dealt with under a non-alliance model. Although the project itself may be a stand out case for an alliance, circumstances may preclude the use of an alliance – for instance:

- Constraints within the owner’s organisation or imposed on the owner that prevent the use of an alliance or would undermine its effectiveness.
- Lack of suitable alliance partners or the only available contractors do not meet the required criteria for a successful alliance.

Section 3 of the *Project Alliancing Practitioners’ Guide* (Victorian Government, 2006 pages 19 to 25) recommends a process “to be used to ensure that government departments and agencies only embark on an alliance where there is a clear business case for doing so”. Greenham (2008, pages 7 & 8) and Morwood et al (2008, page 42) provide some good insights into owners’ motivation and rationale for using alliancing.
What does it take to make sure it works well?

As with any delivery strategy, alliancing provides no guarantee of optimum value for money. Selecting an alliance for the wrong reasons or without stakeholders sufficiently understanding the drivers of success or potential risks, significantly increases the likelihood of disappointment. However, when applied under the right circumstances, it is a powerful means of overcoming adversity and achieving outstanding outcomes.

This is because “pure alliances” are designed to enable and drive organisational peak performance by employing principles-based frameworks to align the commercial interests of the corporate players. They also use advanced leadership practices to create an environment free from the contractual barriers and agendas that typically prevent or limit the powerful relationships required to deliver complex infrastructure projects successfully.

In theory, these techniques deliver a “best for project” qualified team that functions as a totally aligned peak performing project organisation delivering (and exceeding) the agreed outcomes in the most efficient manner possible. In practice, achieving this dream state and all that it promises can be elusive.

Consider the following formula, adapted from Gallwey’ (2000):

\[ p = P - i \]

where

- \( p \) = actual performance level
- \( P \) = true potential, and
- \( i \) = interference.

According to this formula, realising the full potential of a project team (peak performance) requires identifying and systematically eliminating the interference preventing the team from reaching its true potential. Based on close involvement with over 50 alliances the author has concluded that, in the first instance, adopting an alliance commercial/legal framework does eliminate a significant part of the “\( i \)” (interference) by removing commercial misalignment and contractual barriers. However, while significant, this is not sufficient on its own to deliver peak performance. An alliancing framework on its own does not reach the “higher” parts of the “\( i \)”, which relate to human behaviour. This is the realm of emotional intelligence and “human emergence” and presents the real leadership challenge: understanding managing the complex array of individual human drivers – thoughts, feelings, mental models, beliefs and assumptions, needs and yearnings, sense of identity and purpose.
If projects focus on the framework but ignore leadership, they create the right commercial and contractual environment but fail to exploit it, leading to sub-optimal outcomes. By contrast, if projects try to focus on leadership without a suitably enabling framework, contractual obstacles are likely to prevent the team from operating near its full potential. The full potential of the team can only be mobilised by a strategy that effectively combines both – in effect a balance of yin and yang.

While the potential benefits may make the choice of a “pure alliance” seem self-evident, in practice there are many reasons why it may not be appropriate. In some situations a hybrid framework may be more suitable or may be the only option available. However, in such circumstances, a prudent owner must appreciate the implications and limitations of a hybrid framework. Owners adopting hybrid forms of alliance in the expectation that they will deliver the kind of outstanding outcomes seen on pure alliances will be disappointed. Hybrids rarely create an environment that drives and supports peak performance.

Morwood et al (2008, pages 110 - 124) provides a valuable discussion on some of the current thinking on developing and sustaining a high performance culture in Australian alliances.

**Current and emerging trends**

The Alliancing Association of Australasia\(^5\) (AAA) was launched in 2006 as a not-for-profit, independent, cross-industry body with the mission “to promote a better general awareness in the business community on the applications and practices of Alliances and similar types of collaborative strategic Business-to-Business relationships”.

As the level of understanding and practice of alliancing matures the AAA is likely to be the key organisation that will facilitate a shift from a loose collective of ad-hoc alliance practices into a coherent body of knowledge and organised professional practice.

The AAA’s 2008 report (Alliancing Association of Australasia 2008 pages 14 and 15) provides the following (selected) observations and insights into emerging trends:

*It appears that the number of alliance commencements per year will slow down to stabilise at a more sustainable number. This is due to the progressive slowdown in infrastructure projects and potentially due to the fact that alliances may lose their exclusivity as the only procurement model sponsoring an active level of collaboration between clients and contractor(s).*

\(^5\) Visit the AAA website at [www.alliancingassociation.org](http://www.alliancingassociation.org)
Change in the scope of infrastructure investment:

We see the number of large water and waste water treatment alliance projects decreasing over time, the number of roads alliance projects remaining stable in the foreseeable future and a relative increase in the number of rail alliances, often program alliances covering several major projects under the same contractual umbrella....

Change in the project selection approach:

It is also likely that around 2005-07 alliancing has rapidly developed an attraction due to

I. the novelty of the model and the desire to develop internal expertise with it

II. the performance of the model in tackling difficult projects or tight constraints

However, as experience is more widely gained, organisations become more discerning in the way they select the procurement and delivery method for their projects, considering a wider range of options, including using "home-grown" or industry-based hybrid models and this will result in a lower number of projects done by (pure) alliances.

The slowdown in the number of alliances could also be caused by the realisation that alliances require a unique set of skills that organisations do not often own in large numbers, including: senior executives, capable alliance managers, leadership, capability and resource scaling to supply several large hundreds of million dollars projects, etc.

Change to the development of hybrid procurement methods:

We see lighter alternatives to full alliances like ECI, GC21 contracts or other models developing today. These “hybrids” leverage some of the concepts of alliancing mixed with a dose of traditional contracting to take care of smaller and less complex projects while still achieving a reasonable level of incentivised collaboration. These practices will decrease the reliance on alliances for many small/medium size projects and may likely see a refocusing of alliances on larger capital investment projects and on complex brownfield projects where tight coordination and real time scope management will continue to be important to mitigate risks and constraining elements.
Alliances are here to stay, existing in various forms of applications:

The current financial difficulties and credit crunch resulting from the global financial crisis will certainly have implications at regional level for all industry sectors.

However …… there is a high confidence that the level of government investment in infrastructure will remain high to keep the industries and national economy active. No doubt this level of continued investment will maintain a steady trend in the number of projects, many of them with complexities that will warrant the use of alliancing and we feel confident that the region will continue to see a good level of alliance commencements in the next several years.

Alliances or not alliances?

Regardless of the models that will be used in the future to deliver infrastructure projects, alliances and hybrid collaborative models are going to remain important and valued methods for getting the job done, especially with complex projects in brownfield/build environment.

It is our collective belief, as discussed during AAA’s convention in October 2008, that it is unlikely that the industry will willingly return to the type of engagement that used to prevail when traditional procurement methods and their associated adversarial relationship paradigm was “the only tool in the box”.

Once project collaboration has been tried and appreciated, it is a model that many clients and contractor organisations will continue to favour, simply because the model promotes higher efficiencies, innovation and performance breakthrough, value added engagement with stakeholders, real time issue resolution and a tighter integration of community and sustainability KRAs. Alliances have a track record of being difficult to manage but none of them have so far resulted in legal proceedings during construction or in the post-delivery period.

In conclusion, the Australasia region has taken on board a contracting model tested in the UK and turned it, not only into a highly productive and effective way to deliver infrastructure, but above all, into a radical national industry transformation.
Alliance Contracting: lessons from the Australian experience

Australia is leading the world in the application and practice of project alliancing. The construction related industries, from treasuries to clients to sub-contractors have hugely benefited from alliancing both in term of quality of engagement and outcomes, but also in improving their internal business and organisational culture to become more collaborative, integrated and responsive. However more work needs to be done to address the concerns that persist about whether alliancing really does deliver value for money compared with other forms of procurement.

The side effects of alliancing may prove in the long term to be more important in making our industries more competitive by leveraging our leadership and export our expertise to becoming the “Partner of choice” of the world’s infrastructure purchasers.

Key challenges ahead

To ensure the long term viability of alliancing as a delivery model the following challenges will need to be addressed:

- Compiling objective, rigorous and credible data to demonstrate that alliances can and do deliver value for money for owners, both in the narrow context of cost as well as wider concepts of value for money.

- Developing a much wider base of people with the leadership skills to operate effectively at Alliance Leadership Team (ALT) and Alliance Manager levels.

- Establishing a suite of standard alliance practices and a more consistent framework for demonstrating value for money, while taking care that, in its attempts to codify the practice of alliancing, the essence and “humanness” of alliancing is not destroyed. This is particularly vital as, in the last couple of years, a plethora of different alliance processes and documentation have emerged, including:
  - An array of different selection processes, often based on quite different beliefs and philosophies. Some of these practices, often heralded as innovations, are regressive and may undermine the foundation of the alliances they form.
  - Increasingly complicated compensation models - in attempting to be innovative new features are being introduced into the gain/pain arrangements which often add no value while moving away from the elegant simplicity which made the earlier model so clear and effective.
  - Many different forms of alliance legal agreements, again reflecting different underlying philosophies. While it will probably always be necessary to customise each Alliance Agreement it would be helpful to have a template containing widely accepted core elements and features to use as a standard platform.
• Developing a much broader base of competent alliance advisers, educators, facilitators and coaches – including external professionals and in-house resources.

• Building more flexibility into government budgeting and approval processes to take advantage of the way project budgets are developed under an alliance. This will require procurement agencies to better understand the alliance development process and how they can exploit it. Specifically, agencies need to:
  – Develop the business case to the point where it makes sense for the owner to invest in setting up an alliance to develop a detailed project proposal including committed target outturn cost (TOC) and other performance targets.
  – Make the final project approval subject to the owner being satisfied in all respects with this project proposal.

This will link the commitments made at each stage of the process to the level of uncertainty at the time, making the cost of the pre-TOC phase of the alliance an investment in driving out uncertainty, because it will secure a genuine pre-estimate (backed up by full NOP commitment) of the final outcome. As borne out in the AAA report (Alliancing Association of Australasia, 2008), alliances have a very good track record at meeting/beating the agreed targets. Thus, provided appropriate commitments are made at the appropriate time, alliances allow politicians to reliably and consistently deliver on the promises they make.

Meeting all of these challenges will require trans-industry collaboration. Some alliance agreements already require participants to make information and people available for “conferences of alliances” to share experiences. Such forums would be a good opportunity to learn from and build on past experiences and share knowledge for the betterment of the whole industry. As the emerging peak body representing alliancing practitioners across all industries the AAA is well placed to lead the industry in addressing the challenges and opportunities outlined above.

**Tips for new players**

For many people, working on an alliance is a career highlight – sometimes even leading to a personal epiphany, transforming the way they see and relate to the world. There remains a risk that for some the experience will be a disappointment, falling well short of the hype and the promise. To ensure the alliance experience lives up to its promise – for industry as a whole, for corporations and for individuals:
A. **Owners**, when deciding to use, establishing and/or implementing an alliance should:

1) Be fully informed on both the benefits and the risks before embarking on an alliance – it should not require a “leap of faith”.

2) Be sure the selection process reveals prospective partners for who they really are.

3) Be careful of relying on feasibility budgets that lack rigour – be prepared to see the project development phase of an alliance as an investment in driving out uncertainty.

4) If possible use an alliance framework that provides the right foundation for development of a peak performing team. If using some hybrid form of alliancing – fully understand and appreciate its implications.

5) Let your actions during the selection process show that you understand and practice alliance principles.

B. **Proponents & non-owner participants** when seeking selection and/or participating in an alliance should:

1) Avoid seeing alliancing as a marketing ploy to secure work – the risks for you are too great in the longer-term!

2) Take the time to understand the underlying principles and start deploying the relevant leadership and communications skills you learn on alliances throughout your operations.

3) Adopt a long-term strategic view (beyond the limits of the project itself) – this might call for you to make a “sacrificial play” occasionally.

C. **All players** should:

1) Agree on core “principles of operation” and then act and make decisions in line with those principles.

2) Invest in people and leadership – focus on value, not the cost. Remember leaders create and sustain the environment that produces the results. Effective leaders know that inspiration is the wellspring of personal energy and that energy is the fuel of high performance.

3) Learn and practice “real” conversations (Scott, 2002) – by drawing on our capacity for self-disclosure and ownership of each situation we build trust, intimacy and powerful relationships.

4) Be prepared to commit to targets without knowing how to achieve them but in your enthusiasm for breakthroughs don’t lose sight of proven systems and practices.

5) Use alliancing as a training ground for development of a new breed of super-leader.
References / Bibliography


Prepared for VDI-Bau
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