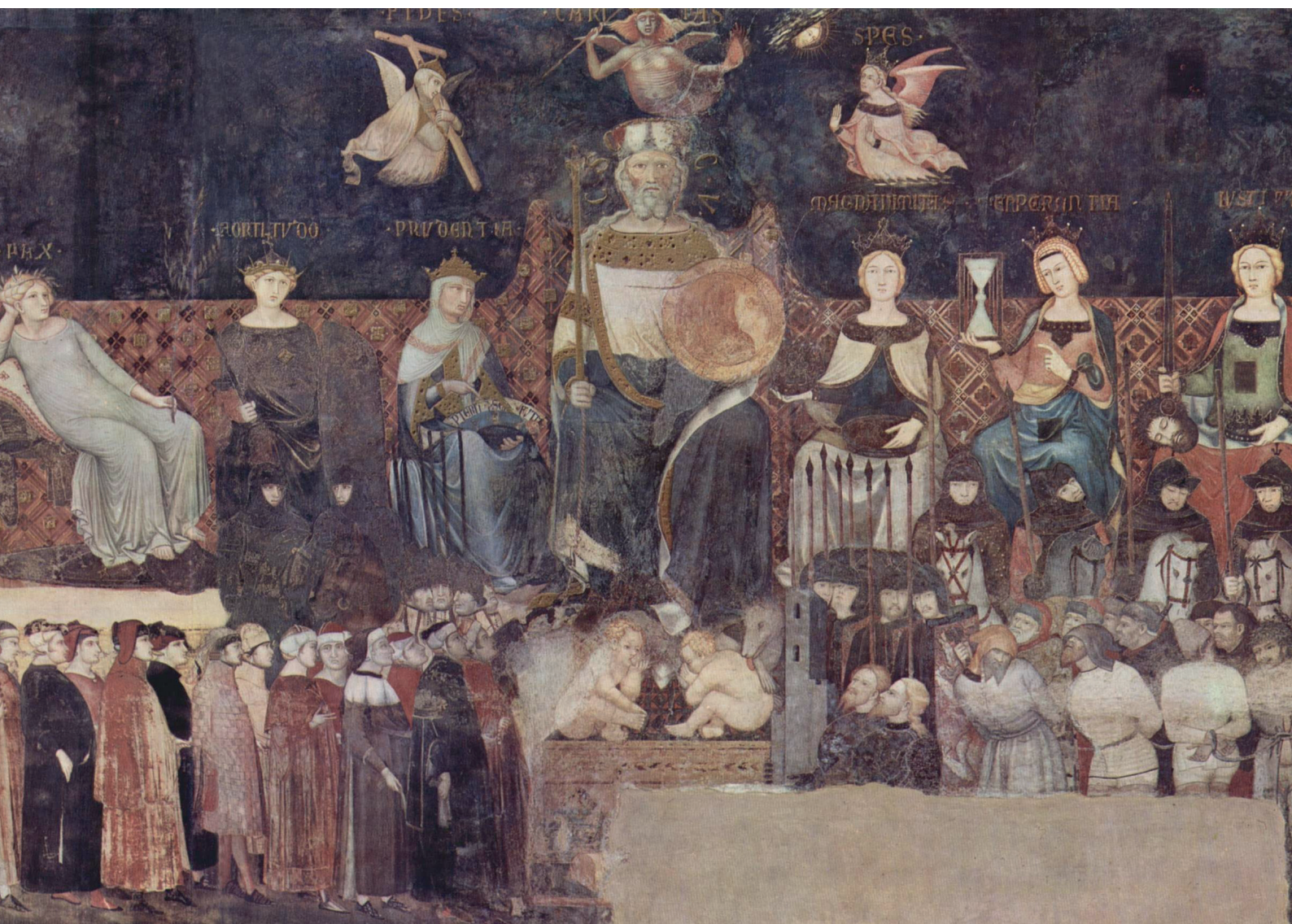# Mastering Alliances

The case of successful public-private partnerships

Revised Edition 2018

Mastering Alliances

The case of successful public-private partnerships

Explanation:

The 'Allegory for good and bad governance' is a series of frescoes that was painted around 1338 by Ambrogio Lorenzetti. The frescoes can be found in the council hall of the Palazzio Pubblico in Siena (Italy). One of the six scenes is titled the 'Allegory of good governance'.

In this fresco, which symbolises the governance of the State of Siena, one can see at the bottom the citizens of Siena who are bound together by a braided cord. On the one hand, the cord runs to the monarch, who represents 'the Board' of the city, and who is assisted by six female councellors, among which the four cardinal virtues: Fortitudo (Courage), Prudentia (Prudence), Temperantia (Temperance) and Justitia (Justice).

On the other hand, the cord runs through Concordia (Harmony) to the scales of the judicial authority. The 'Board' is thus linked to the judicial authority via the citizens and Harmony. This painting has the purpose of a mirror for monarchs in the Middle Ages to remind them of the virtues they must practice to make courageous, thoughtful, balanced and fair decisions, thereby, ensuring good governance. A mirror which can still be interesting for board members in our time.

Foreword

We live in a time period in which public and private organizations are increasingly working together in alliances as well as other forms of partnering. The rationale underlying this phenomenon is straightforward; citizens and businesses see the government as a whole and expect public organizations to share data and coordinate their day-to-day business in the public-private domain. As a result, cross-organizational partnerships are becoming part of everyday life in the public sector.

Daily practice shows that this cross-organizational collaboration must still overcome numerous issues, and poses non-negligible albeit expected challenges. This makes it difficult to accomplish the agreed alliance goals.

The outside world quickly attributes such problems to failing ICT. This hardly appears as an adequate, practical explanation. Making an alliance work is not so much a matter of technology (although ICT plays an important role), but is primarily a matter of people. In a cross-organizational partnership, people need not only to understand each other's processes and their interconnection, but they must also learn to work together. What is more, alliance collaboration requires directors not only to arrange the technology and content, but also to pay explicit attention to cultural and relational aspects associated with such collaboration.

Needless to say, this raises all sorts of questions. For example, which starting points guarantee successful alliance collaboration? How can we prevent individual organizational interests from hindering horizontal collaboration? Which roles and competences are required? What does this mean for directors, managers and staff? And which conditions are instrumental for the implementation of sustainable alliance collaboration?

Meanwhile, a number of alliances have overcome their teething problems, and seem to operate as intended in daily business. Based on the experiences gained by managers involved in those successful alliances, this white paper responds to the questions mentioned, as well as to many other questions concerning cross-organizational partnering.

The white paper offers a practical vision for setting up cross-organization collaboration. One can apply the principles and tools to all situations where organizations collaborate on equal footing in the public, the private, as well as the public-private domain. Therefore, reading this white paper is highly recommended for those seeking successful collaboration across organizations.

In 2013, we published the first edition of 'Mastering Alliances'. The content builds upon years of learning experiences within the Dutch alliance for data and tax on wages (and benefits[1]), enhanced with knowledge on developments of other (national and international) alliances. The Dutch alliance for data and tax on wages constitutes an extensive partnership between the IRS (Internal Revenue Service, the organization responsible for collecting tax and social security premiums in the Netherlands), SSA (the Dutch Social Security Agency, responsible for executing many of the Dutch social security laws) and Statistics Netherlands (the Dutch national office for statistics). After major start-up problems, their mutual collaboration proved overly effective. Lessons learned from the Dutch alliance for data and taxes on wages were extremely valuable to other Dutch (public) organizations, which also sought improved cross-organizational collaboration. For this reason, ICTU, the Dutch public knowledge centre on digitization, asked to write down the most important lessons learned from the alliance in this white paper. This white paper was subsequently included in the ICT standard of the Dutch government: 'the Dutch Government Reference Architecture (NORA)'. The (revised edition of the) white paper is available at noraonline.nl and can be downloaded as a PDF or epub file.

Since publishing the first Dutch version of 'Mastering Alliances', it has served as a guide for many public organizations in the Netherlands to tackle their own alliance problems. The positive reactions to the white paper mainly concern its readability, the usability of its content, the non-technical approach and the administrative perspective. Moreover, the white paper has been the basis for numerous workshops and presentations for interested organizations and alliances. The frequency of these presentations has increased since the beginning of 2017, after the Dutch alliance for data and tax on wages won an international ASAP[2] award in San Diego (USA). The prize was awarded for alliance achievements through the application of alliance management, the continuous improvement of collaboration, ecosystem thinking and the creation of an innovative collaboration model for cross-organizational partnerships.

As expected, the world of alliances and alliance collaboration did not stand still since 'Mastering Alliances' was first published in 2013. Thinking about alliances has evolved and, at present, it means thinking in terms of ecosystems. Alliances are no longer primarily considered as linear processes made of successive steps. They are increasingly understood as processes within dynamic networks, where players are constantly in contact with and influencing each other. In fact, the 'ecosystem' concept is far better aligned with the dynamics of 'alliances'. What is more, this broader context offers an extended range of options for influencing and (re)directing alliance collaboration. Also, the view on alliances has become less technical and instrumental due to this different perspective. There is, for example, a renewed, stronger interest in the important role, function and influence of the community of stakeholders which surround and form the alliance.

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[1] The Dutch alliance for data and tax on wages includes the data and tax which are collected on social benefits and supplements

[2] ASAP stands for Association of Strategic Alliance Professionals

Despite these changes in thinking, there is no further indication that the basic ideas with regard to mastering cross-organizational partnerships, as stipulated in the first edition of Mastering Alliances, have lost their validity. On the contrary, these are still effective in the Dutch alliance for data and tax on wages and even seem to be a pre-condition for evolving towards an ecosystem. For this reason, we have decided not to alter the content of 'Mastering Alliances', but rather to add a new chapter to this edition, which puts the focus on alliances in terms of ecosystems. In addition, technological developments such as blockchain technology which might put issues in cross-organizational collaboration in a different light, will be discussed briefly.

Paul Vincken (alliance coordinator), Diantha Croese (alliance manager), Menno Aardewijn (business consultant) represented the alliance for data and tax on wages at the ASAP award ceremony in San Diego (2017).

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Valentijn Crijns   *Erik Ruiterman*   *Menno Aardewijn*   *Ard-Pieter de Man*

Various organizations and people have contributed to the realization of the white paper. The authors thank the people involved for making capacity available, sharing knowledge and giving advice and feedback.

Introduction

Alliance management and NORA

Alliances are a 'popular' topic within public organizations. This comes as no surprise, as the number of alliances rapidly grows. At the same time alliance collaboration faces numerous complex hurdles. Alliance management is quite often a laborious process, where information technology won't get started properly and the alliance fails to live up to its expectations. When it comes to alliances, indeed, the familiar control principles and the existing management tools seem to fall short. As a new profession, alliance management is still in its infancy.

The undesirable consequence of bottlenecks in managing alliances is that clients are not properly served, expensive ICT solutions do not work (or fail to deliver the desired result), and customers do not receive what they have been promised. Because the number of alliances in society is rapidly increasing, and more and more organizations are working in an alliance, the scale of the problem and its complexity grow exponentially. In turn, this increases the need for joint guidelines and starting points for alliance management.

This is where the Dutch Government Reference Architecture (NORA) links with the 'alliance management' subject. NORA seeks to support the development of a service-oriented digital public administration. It substantiates this intent by providing general starting points, principles, guidelines and standards for the design and organization of such desired public administration. Its vision entails a vast simplification of collaboration between public organizations by making use of a common thinking and working framework. Within this framework the 'Mastering Alliances' white paper contributes to the subject of alliance management.

The vision behind 'Mastering Alliances'

The authors of this white paper have, for years, been involved in the development of the Dutch alliance for data and tax on wages. As you might expect, the practical implementation of this alliance proved to be a

fairly complex endeavour. The alliance objective called for a form of collaboration which transcended organizational boundaries and by far exceeded what the organizations involved were accustomed to. In fact, it demanded a cultural breakthrough. However, it did not come naturally. What is more, many things went wrong, especially in the initial years of the collaboration. The involved organizations failed to ensure that the alliance, which became operational on January 1st 2006, operated properly. In mid-2007, as the problem threatened to spin out of control, the responsible members of government launched an investigation into the problems and solutions thereto (the Integral Problem Analysis, September 2007). The intervention delivered the necessary insight, which was followed by the turnaround and the eventual success of the alliance.

> It is for good reason that the Dutch alliance for data and tax on wages is called "the financial and data aorta of the Netherlands". No less than 158 billion Euro in tax and premium income, 60% of all revenues from the IRS, are received through wage declarations submitted by employers, benefits agencies and pension providers. Every month, the Social Security Administration (SSA) provides between 1.2 and 1.5 million benefits in the context of Unemployment Insurance and Labour (disability) Laws. Each year the alliance provides a large number of users with over 20 billion pieces of data.

The Dutch alliance for data and tax on wages is a legally imposed alliance of collaboration between three public organizations: the Internal Revenue Service (IRS), the Statistics Netherlands, and SSA, which are jointly responsible for a proper functioning alliance. The essence of this alliance is the existence of a single point of contact for withholding agents to report wage tax and Social Security premiums (IRS), and also a single point where users can request nominative (wage- and benefits related) data (SSA).

Among other things, the failures and successes connected to these experiences have formed the basis for this alliance management white paper within the public-private domain. Moreover, these experiences have been supplemented with research into other existing alliances. The involvement of professor A.P. de Man PhD, with his extensive knowledge of public and private alliances, invariably always provided the wider context which was required to analyze the experiences in question.

The vision on alliances conveyed by this white paper is aligned with that of Grijpink[3] , a Dutch professor and specialist in the field of alliances and, above all, known for his work in the field of alliance information. His view on alliance collaboration, whereby sub-optimisation arises as parties tend to follow their own rationality (read: do their own thing) and the role of the 'dominant alliance problem'[4] is fully endorsed in this white paper. However, the focus and viewpoint of 'Mastering Alliances' differ from that of Grijpink.

Grijpink is primarily focused on uncovering a suitable starting point to develop large-scale information infrastructures for information exchange within alliances. In this context, preventing IT debacles is an important trigger. He reviews many alliance project failures and notes that successful data exchange in alliances apparently requires overcoming serious collaboration challenges. In short, think things through before you commit to major investments; in particular, ascertain whether there is an adequate amount of potential and visible demands for alliance collaboration. Grijpink, with his vision, has brought back realism by analyzing the limitations and opportunities of (public) alliances aimed at improving information exchange.

In 'Mastering Alliances', the focus, however, is not on the technical issue of cross-organizational information exchange, but rather on the entire set of basic requirements to manage alliances across the board. These basics are called 'alliance management pillars'.

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[3] Grijpink, J, 2006, Keteninformatisering; Grijpink, J., and M. Plomp (red..), 2009, Kijk op Ketens, Den Haag.

[4] According to Grijpink, the dominant alliance problem is a social issue that requires a form of alliance collaboration because none of the alliance parties can solve it on its own.

Whilst information exchange is indeed a very risky area within alliance collaboration, from the perspective of 'Mastering Alliances' it is only one aspect of alliance management. This white paper focuses on the management of all aspects of alliance collaborations.

Further, the viewpoint is different. Grijpink explains the dynamics of alliances and the possibilities for alliance collaboration out of a 'dominant alliance problem', which individual alliance partners cannot solve on their own. He states that this dominant problem has become the all-determining factor in alliances. However, 'Mastering Alliances' does not focus on the 'alliance problems', but on managing the alliance. For it is not the alliance problems which determine the possibilities for alliance players, but instead, the alliance players themselves determine their possibilities. This viewpoint places alliance collaboration in a more optimistic light as collaboration cannot only arise from 'problems' but also from 'opportunities'.

Objectives and design of 'Mastering Alliances'

'Mastering Alliances' is primarily intended for managers, although it can also be appropriate for other parties involved in alliance development and operation. After all, it seeks to provide alliance management tools. The leading point of view for this white paper is that the 'hardware' within alliances is not provided by computers, but by 'soft skills' of the alliance players. For it is their skills and qualities that prove crucial for the emergence of successful alliance collaboration, and not the technology that supports the alliance. From this point of view, the white paper aims to support the alliance partners with setting up their alliance management.

It goes without saying that every alliance is unique. There is no fixed manual, let alone a standard organization or management model for alliances. This white paper claims that there is no 'best solution' for alliance collaboration, and that different alliances need different forms of organization and management. Therefore, the white paper offers no normative prescriptions for alliance management. However, that does not detract from the fact that an administrative preference for the use of regulations and standards in the field of architecture and information technology is also obvious within alliances. By means of providing validated building blocks and guidelines for how to implement them, it provides a general vision of how to manage public private alliances. Based on this, alliance partners can become and remain in control over their alliances.

In Chapter 1, 'alliances' are analyzed from different perspectives, identifying the characteristics and properties whilst describing their complexity and dynamics. In Chapter 2, a vision for managing this complexity and dynamics is developed, involving eight alliance management pillars. In Chapter 3, the building blocks for the concrete implementation of an alliance management model are discussed. In Chapter 4, important implementation aspects with regards to alliance management are dealt with. Finally, Chapter 5 describes new trends and developments in the area of cross-organizational collaboration during the period from 2013 to early 2018. This chapter has been added in this edition.

1 The world of alliances

1.1
What is an alliance?

An alliance is a partnership between organizations that, further to their own objectives, pursue one or more, jointly selected (or politically imposed) objectives. These alliance partners are independent, although they also depend on each other when it comes to achieving joint objectives, hereafter referred to as alliance objectives. In this context, alliance partners are confronted with a number of alliance features.

Diverging interests
Firstly, alliances are set up between 'independent' organizations. Alliances must bridge the structures, cultures and processes of different organizations. This, of course, is not an easy endeavour, as every organization fashions its own rationality and interests, which may lead to ineffective outcomes at the alliance level when combined.

Dependency
Secondly, there is the mutual dependence in alliances, whereby the parties rely on each other to achieve the alliance objective. None of the partners, however, can achieve the desired objective by itself or, in the sense of Grijpink, can solve the 'alliance problem' independently.

No overarching authority
Thirdly, in every alliance there are at least two independent organizations involved. Above these organizations, however, there is no one-man management to issue decisive rulings upon their conflicts.

Imbalance
Fourth, the extent and variety of input from alliance partners also play a role. This puts the balance within the collaboration under pressure. Although equality can be pursued, it seldom exists in real life. This also does not mean that the more prominent partner can behave purely in its self-interest: He must explicitly

factor in the interests of the smaller partner.

Dynamic environment

Fifth, alliances do not operate in static environments but in a dynamic one. Political changes in governance at a central and decentralised level, as well as new developments with regards to regulations, technology, social wishes and political targets, have an impact on the alliance. In addition, public-private alliances present additional dynamics which result from potential friction between political and economic objectives. Also, the pace with which these changes and developments arise and their relative weights are relevant. On top of that, developments within different organizations are hardly synchronised. Therefore, it is unfeasible to exhaustively capture all matters that may arise in a collaboration agreement beforehand. Instead there is a so-called 'contractual space' that needs to be managed.

Duration

Finally, alliances generally have a lasting nature, usually being contracted over a long-term period. Still, this does not make them permanent by definition. When a certain problem is solved, the alliance can be dissolved. Consider, for example, neighbourhood-oriented collaboration in a disadvantaged neighbourhood. As the situation improves, the alliance can be dismantled. However, alliances such as the criminal justice alliance exhibit a more permanent nature because collaboration across the police, prosecutors, courts and penal institutions remains necessary as long as criminality exists.

It follows that these alliance-specific features demand separate alliance management models. At several levels (management, organization, information and technology) alliance links require a horizontal structure to connect one alliance partner with the other. This horizontal structure traverses the existing vertical, hierarchical structure of individual organizations. This fact leads to the most important tension found in alliances: the clash that arises between the interests of the individual organization and those of the focal alliance.

Figure 1

The challenge of alliances: balancing vertical and horizontal forces
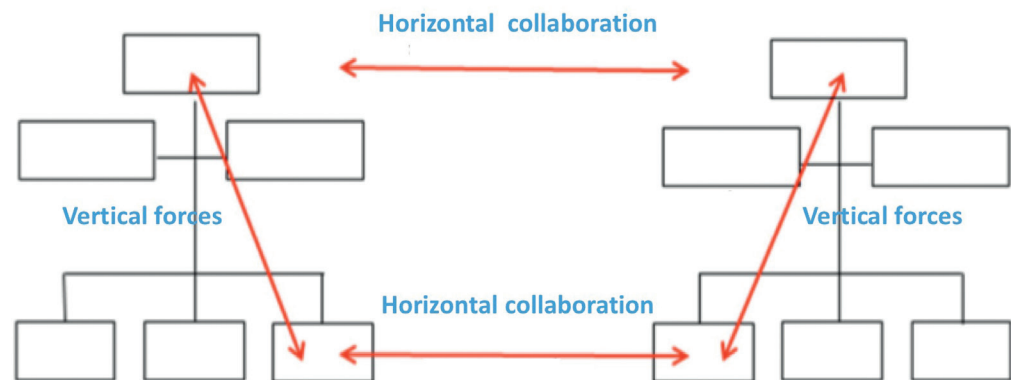
The vertical structure of individual organizations puts pressure on the horizontal structure of the alliance. This tension can even prevent alliances to develop. The question is this: How can a stable alliance process, that is impervious to considerations and decisions of one of the alliance partners, be achieved? In other words: How do we build a horizontal force field for the alliance process that is strong enough to vigorously withstand any vertical pressure due to the individual interests of alliance partners (see Figure 1)? This is the most important management issue that alliance management must resolve.

Types of alliances

There are different types of alliances. Some alliances focus primarily on reducing costs, whilst others seek to improve service delivery. Accordingly, there is not a single alliance model that suits all alliances and a contingency approach should be adopted[5]. Moreover, the extent to which organizations become intertwined varies greatly. Important factors here include the number of partners, the number of activities carried out in the alliance, and the degree of centralisation required to achieve the alliance objectives.

Alliance management requirements depend on the combination of these factors. For example, a two-partner alliance around a single activity will require a lighter management approach than an alliance with numerous partners, who intensively work together on a number of tasks. Last but not least, the weight and complexity of activities where people collaborate play a crucial role. Accordingly, there are many ways to fill in the alliance management building blocks discussed in this white paper. In certain alliances, for example, decision-making takes place quite informally; whilst decision-making in other alliances take various steps and strict voting procedures.

In addition, alliances will develop over the course of time. In fact, new opportunities arise upon successful collaboration. As the number of activities increases, other partners join and investments rise, which may lead to long-term partnerships. Also, development within alliances means that suitable management models at the start of the alliance may not be appropriate after a few years, and must be tweaked accordingly.

1.2
Adopting alliances as organizational form

Besides alliances, there are many other forms of collaboration. In fact, alliances prove complex and not without risks, and are therefore not always the most appropriate form of collaboration. Adopting alliances depends on a number of specific conditions. To gain insight into these conditions, we discuss below a number of common collaboration forms on the basis of the continuum in Figure 2. In this figure, organizational forms are classified by integration intensity between the organizations involved and based on the intended duration of the collaboration (long-term vs. short-term). Collaboration intensity increases from bottom left to top right, as well as the risks associated thereto.

Figure 2
A continuum of
organizational forms
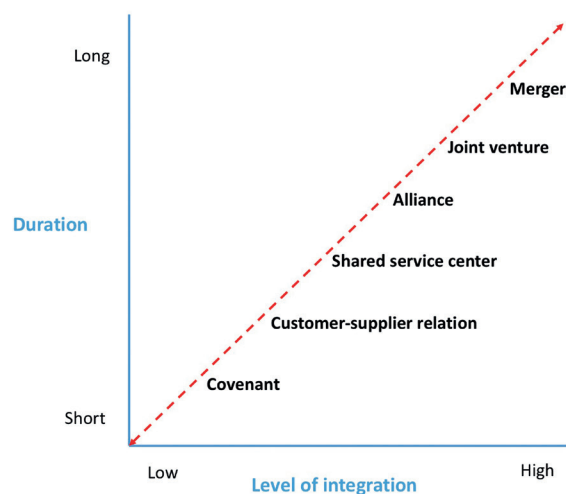
5 In organizational theory, the contingency approach is based on the idea that every environment requires adapted behaviour, and that the best form of organization largely depends on the specific context in which that organization finds itself.

Covenant

Covenants can be designed in many ways. In practice, covenants are often general declarations of intent that appeal to goodwill. They are often used for separate cooperative relationships outside the core activities of organizations. When collaboration should go beyond intentions, collaboration agreements must become enforceable, whilst more far-reaching agreements are needed on joint decision-making, defining authority in the organizations involved, as well as cost and revenue-sharing schemes. In this context, other organization forms are also eligible.

Customer-supplier relations

The customer-supplier relationship is one of the most common collaboration forms. This relationship works well with unambiguous products when there is one-way traffic from a customer to a supplier, and the future is fairly predictable. There is no 'open end' in a customer-supplier relationship: number, price and quality can be perfectly determined. Moreover, customer-supplier relationships lack a joint responsibility for delivery to end-users: the alliance level is not optimised, as responsibilities are transferred to one another. Outsourcing is a specific interpretation of the customer-supplier relationship. Whilst outsourcing can take place between commercial entities, outsourcing between public parties is also a commonplace. An example thereof would be a smaller municipality outsourcing certain tasks to a larger, neighbouring one.

Shared service centres

In recent years, shared service centres (SSC) have become popular in the public sector. SSCs usually relate to supporting processes as opposed to core processes. What is more, activities managed by the SSC are separated from the original organizations, after which these organizations once again acquire performances of the said activities from the SSC. On the plus side, this allows the bundling of knowledge and expertise, as well as the emergence of economies of scale. The SSC can help optimise sections of an alliance, but not the entire alliance. Still, the SSC proves advantageous in that it provides a centralised management, making optimisation easier.

Joint venture

A joint venture is a joint organization established by its partners, each with a certain ownership share. Joint ventures serve to start up new businesses or can be combined with parts of existing organizations into a new one. This may prove useful in the case of alliance collaboration, for example, to drive economies of scale or achieve higher levels of effectiveness. Because a joint venture has an independent management, it is possible to enforce management decisions on relevant parts of the alliance.

Merger

Mergers establish a joint management for hitherto separate organizations, which overcomes the lack of overarching authority. However, this option is only useful when the core activities of partners involved overlap to a large extent, and lasting collaboration is necessary to realize benefits in said activities. When collaboration is only necessary on a section of the activities, the merger is a too heavy means. Furthermore, mergers can be extremely time-consuming, costly and often fail to deliver the desired result, despite the efforts undertaken.

Besides the forms mentioned, the terms federations or networks are often used. These are partnerships whereby many partners are involved. Unlike alliances, federations or networks lack a 'linear' connotation (pipeline) with 'links'. The term network or federation is interpreted differently by different parties. For example, some refer to looser partnerships implemented on an ad hoc basis to achieve certain objectives. Others, however, define networks as sustainable structures, whereby many parties collaborate. For example, the Toyota network with its suppliers has been active for decades. It is also sometimes referred to as the network of an organization, whereby it then refers to all partnerships established by the organization itself (for example, the Philips network). Finally, there are also regional level networks (the network in Silicon Valley), or industry level networks (the network in the IT sector). Given its many meanings and interpretations, in practice, the network concept has been excluded from Figure 2.

Another good example of collaboration in the form of a network are emergency response alliances. These are not alliances in the usual sense of the word, as it concerns a partnership that is occasionally operational and is always temporary in its nature. In this case, management lies mainly in procedural preparation, as to ensure that everything runs smoothly whenever necessary. This particularly concerns the provision of information, communication, and processes. It is clear that strong cooperation, mutual understanding, clear agreements and unambiguous control are crucial whenever this network comes into effect.

Conclusion

In light of the above, it follows that the alliance cooperation is only superior and preferable if the following conditions are met:

- There is intensive collaboration (thus more than a customer-supplier relationship or covenant);
- The collaboration takes place on a sub-area and not in all areas of the organization involved (a merger would be required to that end);
- Collaboration activities cannot be separated from the organizations: The collaboration takes place directly between the core processes of the partners (otherwise, a joint venture or SSC would be appropriate);
- The collaboration is long-term and not once-off (the covenant and the customer-supplier relationship are therefore not an alternative).

Specifically in the public sector, joint ventures and mergers are unlikely given the departmental division and separate (political) responsibilities. Alliances are the most far-reaching form of collaboration in which the (ministerial) autonomy of the partners is retained. Given the intensity and duration of the relationship, alliance collaboration is often the only option.

If we regard the Dutch alliance for data and tax on wages extensively, we notice a combination of collaboration forms. The heart of the alliance comprises of alliance collaboration between the IRS, SSA, and Statistics Netherlands.

At the frontside of the alliance, collaboration with (large) employers and institutions is increasingly supported by covenants. At the backside of the alliance, however, relationships with users of information from the said alliance are supported by supply contracts, as is customary in customer-supplier relationships.

1.3
Rationale for alliance formation

Public organizations participate in public or public-private alliances for a variety of reasons.

Customer service delivery
First, customer service delivery (whether it is towards citizens, companies, or institutions) is an important element. The customer wants one-stop-shopping to request a single service (or for something he/she perceives as such).

Administrative burden reduction
Reducing administrative burdens is high on the political agenda. For example, the administrative burden for employers can be reduced by requesting data only once and using it multiple times throughout all public organizations.

Reducing errors
Reducing the number of errors in the administrative process is also an important driver for alliance formation. When organizations, for example, use the same data source, the likelihood of an error occurring in the various administrative processes is notably reduced. Such as, the establishment of the Dutch immigration alliance[6] with one basic administration of foreign nationals is a solution to the problem that every alliance partner relied on a different definition of foreign nationals, and their status.

Efficiency
Better collaboration in the alliance reduces its operational and implementation costs. In the Dutch criminal justice alliance, for example, the introduction of electronic files could reduce the shuffling back and forth of paper files.

Innovation
There are increasingly innovative reasons for starting alliances . It appears that, as alliances become more widespread and more experience is gained, their benefits go far beyond the mere reduction of errors and problems. Dependency between organizations, largely avoided in the past, offers hitherto uncovered opportunities through the bundling of knowledge and expertise. Successful alliance collaboration stimulates creativity and thus contributes to social innovation[7], new products and forms of service delivery, as well as to a proactive and effective public administration.

> What is more, the business community has discovered that collaboration is not only about solving problems, but also about taking a major step towards the future. Alliance collaboration is, therefore, not always problem-driven, but also much more opportunity-driven.

The objective of the alliance arises from the rationale for its alliance formation, and the alliance is thus developed to meet the said objectives. Objectives are often communicated from the board or administration top. In practice, these objectives must always be further fleshed out and elaborated by alliance partners. This is usually a time-consuming task, because all sorts of misunderstandings, interests and ambiguities arise, making the meaning of objectives somewhat blurry at the outset. Having clear objectives endorsed by both partners is, however, a precondition for further structuring the alliance management.

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[6] An alliance between the Immigration and Naturalisation Service, the Central Reception Agency for Asylum Seekers and the Military police, among others.

[7] Social innovation is a renewal of the way in which work in companies is organized, so as to benefit both work productivity and quality. The term social innovation has been introduced to distinguish from the traditional concept of innovation, which usually refers to technological innovation. (source: Wikipedia).

1.4
Resistance against alliance collaboration

Anyone starting with alliance collaboration should expect some powerful resistance.

Fear of losing power and autonomy
In alliance collaboration, organizations involved hand over part of their power and independence in favour of the parent alliance objective. This perceived loss of independence combined with the emergence of dependence creates resistance.

Imposed collaboration
Enthusiasm rarely ensues when alliance collaboration arises from (political) imposition instead of a mutually perceived opportunity or issue. There is no 'win-win' feeling among the organizations involved. An imposed order, where the benefits lie with the customer and not directly with the organizations involved, will strengthen the feeling of loss of power and autonomy described above even more. At the outset, imposed collaboration lacks the relational component of it.

Unreachable objective
If alliance objectives appear unreachable or too ambitious, this can paralyze the organizations involved, destroying their belief in a successful outcome. Besides, the challenges are so big, that people don't know where to start.

Needless to say, other issues also play a role in the emergence of resistance, such as the friction between alliance objectives and those of the organizations involved, the question of who will bear what costs and the distribution of benefits (which may not match with that of the costs). Chapters 3 and 4 provide tips and hints on how to deal with these resistances.

1.5
A management model for alliances

From the foregoing, it seems evident that alliances present a certain level of dynamics and complexity, which arise from numerous factors. For example, alliance partners may undergo internal changes at any given time, which will then require alliance changes. Frictions between horizontal and vertical management are also a continuous source of change. Furthermore, the environment may produce new questions or regulations, which can influence the alliance. Finally, alliances can go through different development stages (this is discussed in more detail in Chapter 4).

This dynamic can only be dealt with when all management forms that are present in managers' toolboxes are used together.

In recent years, various solutions have been devised around alliance management and have been implemented. Large alliance projects, such as the Dutch alliance for data and tax on wages and the 'alliance for work and income'[8], have therefore become successful. In practice, a mix of the management elements has been created, whereby the following elements are always at the forefront:

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[8] Collaboration between different social organizations and municipalities in the Work and Income alliance, based on Dutch Law, introduced in 2002.

- Ensure a mindset[9] which is focused on alliance collaboration;
- Allow space for the alliance players to play within game rules;
- Build trust in collaboration;
- Communicate with each other in an open dialogue;
- Provide alliance management based on an alliance structure;
- Create transparency with regard to tasks, powers and responsibilities, as well as during the reporting;
- Work on knowledge sharing about the alliance;
- Develop an inspiring, meaningful objective for the alliance.

These elements demonstrate that alliance management is much more than just content and procedures. Relational and cultural elements are also crucial for effective alliance management. In Chapter 2, we describe an alliance management model where all these elements are further developed.

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[9] Mindset can be best understood as attitude or stance. It is a way of experiencing and responding.

2 Managing alliances

How can alliances be successfully managed? In other words: How is it possible to manage the dynamics and complexity of alliances described in Chapter 1 in such a way that collaboration actually achieves the desired alliance objective?

Experience shows that the usual frameworks and management instruments, based on one-person leadership and hierarchy, are inadequate to manage alliances properly. This is due to the lack of an overarching authority, and the fact that the direct control of individual alliance partners fails to reach beyond their own organization. Respect for the equality of alliance partners and the 'non-intervention principle', whereby parties do not interfere in the internal affairs of others but issues are openly discussed, are thus success factors in alliance collaboration.

2.1
Management dimensions

In this white paper the vision on alliance management is based on the empirical insight that there are a number of coherent alliance areas demanding active management. We shall refer to these focus areas as 'management dimensions', of which we distinguish four types: A cultural, a relational, a procedural and a content-dimension (see Figure 3).

Figure 3
*Alliance management dimensions
and associated friction areas*

Figure 3

Alliance management dimensions and associated friction areas
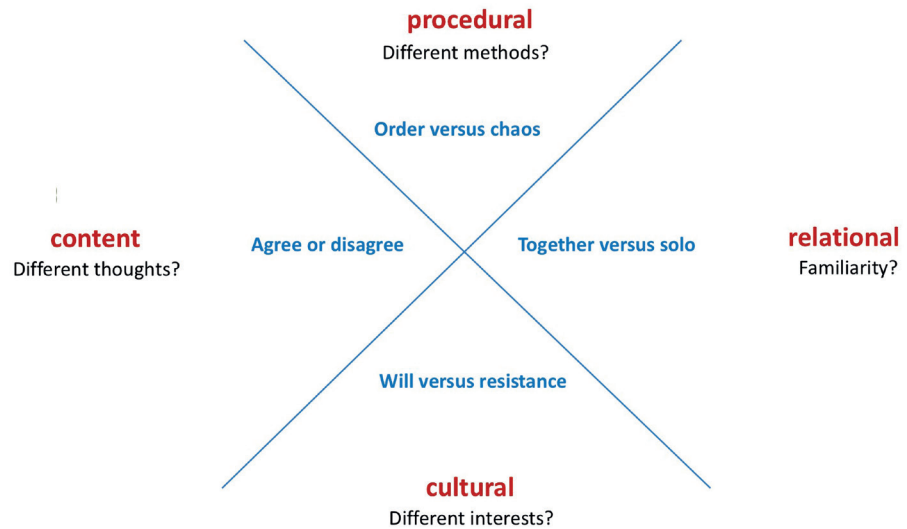
Collaboration suffers when one or more of these dimensions are not properly managed. This is because every management dimension features a friction area in which for each specific situation, a workable balance must be sought.

In cooperation between several partners, there should always be a 'will' to develop alliance collaboration within the cultural dimension. This might be, for example, due to certain staff envisaging unique opportunities which they would like to pursue. On the other hand there might be also a 'will to resist', for example, due to the fear of autonomy loss by a number of staff. This requires proper management of all alliance players mindsets and expectations.
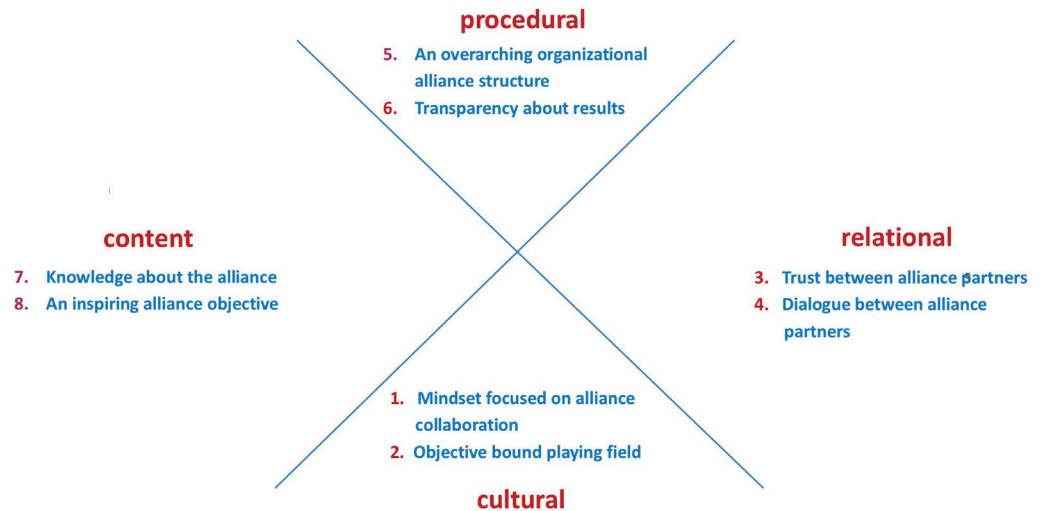
Within the relational dimension, the nature of the relationship determines whether alliance partners collaborate 'together' or work independent ('solo'). The question is whether there is sufficient trust which exists in the partner collaboration. Again, this requires management and maintenance of the relationship development process.

As for the procedural dimension, 'order' arises when solid agreements have been reached, for example, on the division of responsibilities between collaborating partners. There is also a certain degree of 'chaos' as the differences between their working methods emerge. Whilst chaos usually has a negative connotation, it also drives dynamics required to cope with change. The question is whether everything can and should be 'boarded-up' i.e. brought to order, or whether a certain degree of freedom (and thus, an opportunity for chaos) is desired? This requires management of the agreement development and fulfilment process.

Finally, within the content-dimension, there are always unambiguous items, for example, interfaces. Unfortunately, partners also come across many ambiguous and unclear items on which they may disagree, such as objectives, definitions, etc. This requires management of the knowledge sharing process.

In short, alliance management essentially focuses on four dimensions: Growing a mindset (culture), building trust (relationship), making agreements (procedure) and sharing knowledge (content). In 'Mastering Alliances', we identify two focal points for management per dimension. These focal points constitute the eight alliance management pillars. All together, they form an alliance management model (Figure 4). Denial or neglect of one or more of these eight pillars weakens the foundations of an alliance and, sooner or later, leads to misunderstanding, negligence, distrust and the pursuit of self-interest and, therefore, inevitably to the failure of alliance collaboration.

Figure 4
The eight pillars of
alliance management

procedural
5. **An overarching organizational alliance structure**
6. **Transparency about results**

content
7. **Knowledge about the alliance**
8. **An inspiring alliance objective**

relational
3. **Trust between alliance partners**
4. **Dialogue between alliance partners**

1. **Mindset focused on alliance collaboration**
2. **Objective bound playing field**

cultural

Each alliance has its specific features and thus demands its own management approach. However, the eight pillars, the foundation of the management approach, can be applied methodically to all situations. The accents and the necessary building blocks which should be implemented will still differ for each alliance.

2.2
Cultural dimension: Will or resistance?

Alliance collaboration requires a different way of working and thinking than collaboration within one organization. All parties involved (from directors to implementers) recognize that they take part in an alliance with a joint alliance objective that they agree to pursue. Although for the realization of the joint alliance objective it requires the endorsement and use of cross-organizational thinking, which will not come of its own accord. Involved parties must often change their attitude and behaviour, as cross-organizational thinking is not a self-evident mindset within most company cultures, and often evokes resistance. What is more, involved parties must participate in a non-compulsory collaboration with other organizations and do so on the basis of equality.

Bear in mind that this change in attitude is a growth process, rather than a sudden turnaround. The alliance players must be given the leeway, time and guidance to develop alliance thinking. In return, this creates the 'will' to overcome the initial 'resistance' towards the unknown and pursue the common objective with energy. The emergence of that will is a pillar of the cultural dimension. If that will is lacking, managing the other alliance dimensions becomes a fruitless exercise and the alliance objective remains out of reach.

Pillar 1: Mindset focused on alliance collaboration
Achieving the desired mindset stands or falls with exemplary behaviour by the leadership at the top of the alliance. What does this demand? Managing a complex alliance requires leadership above management. Where management is hierarchical, vertically oriented and relies on measurement and control instruments, leadership is horizontally oriented and is supported by natural authority and creativity. Moreover, leadership has a great symbolic value for the underlying layers within the organizations. Leadership in alliance management means that each alliance partner at the strategic level pays continuous attention to and endorses, in word and deed, the meaning and purpose of the alliance and, therefore, shapes the mindset of all those involved.

Three councellors of the monarch: the virtues Magnanimity, Temperance and Justice.

At the same time, the role of leadership is a weak link in alliance management. If the top of the alliance lacks the 'belief' or loses it during the build-up, or turns its attention to other topics after tasting success, the odds of failed or disintegrating collaboration suddenly rise; regardless of the amount of money and energy that is put into it. To be sure: All levels below the top immediately feel whether the willingness to collaborate along the alliance exists at its top, and will behave accordingly.

Therefore, the board level not only dictates the playing field but also exerts great influence on the players' mood and the way in which they interact with each other in sync with leadership.

In a review of another alliance in the Dutch public sector, the alliance of work and income, the importance of having the right mindset was succinctly summarized as follows:

"Besides the presence of passionate individuals, the work and income alliance relies heavily on the mutual understanding of leaders of the three collaborating organizations. When it 'clicks' between them, there is a positive effect on the collaboration between alliance partners, both at management and operational levels."

Pillar 2: Objective-bound playing field
Knowledge of and skills for the alliance process mostly lies with staff responsible for its execution: The alliance staff at the operational level. At that level, horizontal collaboration must arise to enable the alliance to work. The staff at the operational level form the alliance as such.

Of course, working in alliances requires more than carrying out assignments imposed from above. It is a trade-off game within a playing field in which - by absence of one-man leadership - different rules apply than within one's own organization. In turn, this playing field requires subordinate alliance players to make coherent choices and decisions on the spot with regards to the intended objective. More specifically, this objective-bound playing field requires alliance players, who can move with relative autonomy within

existing rules; who dare take responsibility and who are able to cope with the friction between their (vertical) hierarchy and the requirements set by the (horizontal) alliance process.

In this playing field, management must provide trust and space by exercising restraint and refrain from making frequent interventions in the collaboration at the operational level. In terms of organizational culture, alliance collaboration is, therefore, an exercise in modesty for managers. They must realize that their desire to manage deep into the alliance can be counter-productive and may very often lead to solutions for non-existent problems or that they are just not hitting the right keys due to a lack of expertise. What matters is 'to hand over the helm' to the operational level, ensuring only that the bearing is consistent and in alignment with the overall objective.

2.3
Relational dimension: Together or solo?

Mutual trust constitutes a foundational pillar of alliance management. As such, alliance management relies on building a good cooperative relationship between alliance partners and establishing trust. The underlying reason is simple: Control over the total, cross-organization alliance process is limited. It is business and personal trust that compensates for the lack of control.

> In a few months, the German supermarket alliance METRO together with fifty partners built a futuristic supermarket, which was packed with new technology. This large, complex project was based on a short contract, mainly describing intentions. Although METRO and its partners could have signed an extensive contract, the drafting process alone would have taken a whole year. To not lose momentum, it was decided to work on the basis of trust. This meant that METRO could only choose partners with strong, trusting relationships and who shared the same innovative vision for supermarkets. Hence trust replaced control.

Pillar 3: Trust between alliance partners
Letting go of certain tasks is one of the key features of mutual trust between alliance partners. For example, handing over tasks to other alliance partners, based on the trust that these will be completed in the same proper and professional manner as it would in your own organization. If to the contrary, trust is lacking, there is no relational basis for achieving the joint alliance objective and alliance collaboration might thus turn into a burden and undesirable (high) cost item.

Building trust, of course, requires organizations to encourage their staff to get to know each other, and each other's work better. This results in a growing appreciation and respect for the values of partners and their way of working. Even if this requires an investment of time and money, it is a prerequisite for fruitful and transparent collaboration and one that produces hefty returns in no time.

Needless to say, the contact hypothesis also plays a role in collaboration: The more often people meet, the greater the trust will be and the easier it will be for them to work together.

Pillar 4: Cross-organizational dialogue
Alliance collaboration is played with 'open cards'. If players in individual organizations keep their cards close to their chest, distrust soon and rightfully emerges. At every level within the organizations, it must be clear as to where they stand, what is expected of the alliance, and how to deal with 'representatives of the other organizations'. In an alliance, these 'representatives' are colleagues and they should be approached as such.

Cross-organizational dialogue assumes that the aforementioned topics are discussed openly with each other, feedback is provided, pitfalls are duly considered, and people are willing and ready to learn from and help each other. Although this applies at all levels, the tone must be set at the board level.

2.4
Procedural dimension: Order or chaos?

Alliance partners reach clear agreements on product and process to strengthen and create order in collaboration. If one part of the process is set up without properly coordinating with the other partners, it is very likely that differences will only become visible at the moment that connection fails on the interface, with the ensuing disarray. It follows that alliance parties cannot set up their own part of the process without coordination with the other alliance partners.

In addition to having clear product and process descriptions in place, the governance needs to be optimally arranged so that every alliance partner knows where it stands. To that end, clear agreements are reached about tasks, responsibilities and authorities, alliance boundaries, (financial and material) contributions, planning and added value of partners. Moreover, partners define problem management procedures -e.g., escalation procedures, which help lower the ever-present risk of disruptions (chaos) in alliance collaboration.

Pillar 5: Organizational alliance structure
The alliance structure links the individual organizational structures of the partners and creates a basis for alliance-wide governance. The alliance structure is usually composed of several layers, analogous to the traditional organization charts for internal organizations. Strategic management groups, working groups, alliance supporting functions and consultation bodies can be defined as part of the alliance structure. As you do so, it is important to consider the composition of these groups: Are the right people in them? Are they sufficiently empowered and endowed with the right competencies? The common information infrastructure supporting communication also needs attention.

The complexity of the structure varies greatly per alliance. As one might imagine, simple alliances demand fewer coordination mechanisms than more complex alliances. It is important that the alliance structure is primarily aimed at managing activities to achieve the alliance objectives, even if these activities are carried out within the organizations involved. In principle, no tasks should be executed in the alliance structure, as this is and remains the responsibility of the standing organizations. The alliance structure will 'only' consider and consult on transactions within individual organizations to the extent that these concern alliance collaboration activities. Recommendations (more or less coercive) and joint agreements from the alliance structure are implemented by directors and the line managers within the standing organizations. Therefore, it is essential that both the directors and line managers are part of the meetings within the alliance structure, so that agreements enjoy sufficient support.

Pillar 6: Transparency about results
Once clear responsibilities and controls have been delimited, it is time to agree upon the results to be achieved, defined as the added value for users of the alliance product. These results are systematically controlled and checked, and form the basis of reporting. Usually, this has been arranged within organizations as agreements on management contract performance, which are also relevant to alliances. Ideally, contributions required to achieve the alliance objective are part of the management agreements within the organizations involved.

Transparency in reporting the execution of alliance agreements is a condition for good alliance management and governance, and for upholding the alliance partners' trust in the collaboration. Transparency does not arise without openness and honesty. This will happen automatically when results are positive, but it takes some extra work if results fail to meet expectations. As it happens, reporting sub-par progress or failure makes organizations vulnerable; hence it is often avoided (also by the organization's top levels). The 'bad news' is usually kept under a closed lid within the organization's ranks and, in many cases a solution is first sought inside them. If that fails to work, then the alliance partner is faced - too late - with a fait accompli. If it succeeds to find a solution, the hitherto limited involvement of the alliance partner will make the acceptance process much harder.

> In the cooperation between KLM and Northwest Airlines (now Air France/KLM resp. Delta Airlines), profits made by the partners on the North Atlantic route were shared. Open books were used to determine costs and revenues and make them transparent. In particular, partners could look into the books together and review which costs and benefits were attributed to the collaboration. Working with open books is becoming more common.

2.5
Content dimension: Agree or disagree?

All parties involved should be adequately informed on all key matters in and around the alliance, relating to their function within the alliance. In this dimension, management is in fact aimed at setting the alliance goal, create understanding about it and clarifying what is expected of anyone in the alliance at any time. It is important to agree on the most important issues (goals, starting points, definitions, etc.), and build up knowledge together.

Semantic confusion lies in wait due to cross-organizational differences in definitions and meanings attached to words. Not surprisingly, every organization speaks and thinks in its own language. As alliance collaboration starts, confusion soon arises about concepts known within organizations albeit used in a different context. This issue can produce annoying effects on collaboration, especially if it is not immediately recognized nor addressed. Stakeholders must strive to agree on the issues that matter, a task that demands the attention of management. Knowledge sharing at all levels forms the basis for joint thinking and decision-making. It prevents confusion and favours thinking and working alongside one another.

Pillar 7: Knowledge of the alliance
Directors, managers and staff playing a role in the alliance must have sufficient knowledge of the alliance objective, working agreements, relevant information about each other's organizations and each other's interests and priorities.

Alliance players can only do their alliance work well if they understand in which alliance link they operate, what they can expect from previous links, and what they are supposed to deliver to subsequent links.

Each alliance player must have a good knowledge of the alliance as a whole, of the final product of the alliance and of the alliance objective. This knowledge creates the involvement required to deliver the contribution to the alliance that is being asked.

Pillar 8: Unambiguous and inspiring alliance objective

A clear, unambiguous and attractive alliance objective (and related targets) is a necessary condition for a well-functioning management model. In principle, the alliance objective should never be entrusted to a single alliance partner: It is a shared objective that is formulated and supported by all alliance partners. Collaboration amongst them must then be aimed at ensuring that every action and decision in the alliance sufficiently contributes to an extent to the alliance objective, which includes all customers' demands.

As said, such objective must be inspirational. For this attracts staff, gives meaning and purpose to work, and builds energy to participate and enthusiasm to overcome resistance against collaboration. Alliance players must feel proud of what they create together, for the customer or for society at large. The alliance objective and related targets provide a basis for rewarding the right 'alliance behaviour' amongst staff.

It is not advisable to underestimate the importance of an endorsed alliance objective. Experience shows that alliance objectives that are not 100% endorsed ultimately lead to unclear prioritisation and major conflicts amongst alliance partners, and even within individual organizations. The objectives of the individual partner organizations always exert a strong influence on the alliance. They may even override the alliance objectives, when alliance objectives are weak, unclear and insufficiently supported within the individual partner organizations. If managers and staff - when push comes to shove - are only incentivized for their contribution to the objectives of their own organization, alliance objectives are all but ignored. The highest management levels therefore have a role to fulfil in assuring that internal objectives align with alliance objectives.

Inspiring objectives create energy in a partnership

Siemens and Disney work together under the banner 'Helping children discover the magic of better hearing'. Siemens produces hearing aids for children with poor hearing capabilities. To inform children about hearing problems and to make the use of hearing aids more fun, Disney has developed a comic strip in which Mickey Mouse (the world's most famous ears) has a hearing-impaired friend. What is more, hearing aids and their maintenance equipment are packed in boxes with Disney characters and can be used as a lunchbox. Siemens' and Disney's staff experience this collaboration as fun, challenging and meaningful as it helps children deal with their hearing problems.

3 Building blocks for alliance management

In Chapter 1, we analyzed the dynamics and complexity of alliances. In Chapter 2, based on this analysis, we described a vision of alliance management. This vision comprises eight alliance management pillars which are divided into four management dimensions. This chapter focuses on concrete building blocks for a management model. These building blocks provide the tools to shape the alliance management pillars. Again, we should emphasise that there is no universal management model for alliances, but that this model must be filled in on the spot at every alliance. The aim of the management model is to ultimately provide a balance so that alliance collaboration can flourish optimally, without being hindered by the interests of the individual alliance partners.

The following building blocks are addressed:
- The alliance board
- The key alliance manager
- The line managers
- The alliance coordinator
- The alliance agency
- The decision-making model
- The alliance meeting structure
- The alliance reporting
- The alliance information infrastructure
- The alliance financing
- The autonomous professional
- The coaching (team) manager
- The 'soft skills'
- The learning circle
- The alliance map
- The annual alliance plan
- The alliance conference
- The annual review

Each building block contributes to the different dimensions of the management model and to the pillars identified within it. For example: In a procedural sense, a meeting structure organizes not only the business consultation between alliance partners but also supports the process of content knowledge transfer. Moreover, it provides a structure within which relational trust can grow and dialogue is made possible. Finally, the mindset can be worked on from the meeting structure within the cultural dimension.

Whilst no exclusive relationships between building blocks and pillars exist, there are dominant and secondary contributions to various pillars. Over time, a building block can also contribute to other pillars. At the outset of alliance collaboration, for example, a map of the alliance will primarily contribute to the knowledge exchange amongst alliance partners. Once alliance collaboration is well under way, the alliance map will be used more often to ensure the desired coherence when acting and deciding.

For each alliance, we must, therefore, uncover the ideal blocks to implement the eight pillars and which building block combination we must favour. Once again, the aforementioned contingency approach plays a vital role.

3.1
The alliance board

In the absence of a direct coordinating authority, each alliance will have to establish a board as a coordinating agent where all alliance partners are represented at the highest strategic level. Their commitment and dedication towards a joint alliance objective is decisive for the success of alliance collaboration.

This commitment shows itself in the willingness to:
• make time for the alliance and meet each other periodically, even if there are no fires to extinguish;
• take part in alliance management meetings instead of sending a replacement;
• mandate, mobilise and facilitate the own organization without limitations to attain the alliance objective;
• discuss all the relevant matters with each other (whether good or bad) within the alliance.

In short, the alliance board represents and embodies alliance thinking and has an exemplary role in terms of focus and the proper mindset for alliance collaboration. Extra attention must be paid to regular (political) board changes as the alliance benefits from the continuity of administrative commitment.

The collaboration agreements to which directors wish to commit can be laid down in a covenant, which in turn creates the framework for further agreements (including Service Level Agreements) on a tactical and operational level.

3.2
The key alliance manager

The alliance board mentioned earlier is not active in the daily alliance management tasks. In many alliances, this role is played by the key alliance manager who, in consultation with the line managers of alliance partners, implements the alliance management. In the public domain it is possible that the key alliance manager has decision-making authority so that he can escalate directly to the responsible minister in case of an emergency. The key alliance manager has a result obligation towards alliance partners for the proper functioning of the alliance. He or she thus protects the horizontal alliance process against unilateral, vertical management impulses on the alliance. To this end, he or she is bestowed with the appropriate responsibilities and authorities.
The key alliance manager is responsible for the entire alliance, both for the management of the alliance and for the (further) development thereof. This mandate makes the key alliance manager 'the boss' of the

alliance. On a strategic and tactical level, the manager establishes a connection between the interests of the alliance and the individual interests of alliance partners. Information regarding the realization of the alliance objectives flows from the tactical and operational level to the key alliance manager and from there to the alliance board. The key alliance manager has a 'linking pin' into the alliance board. Escalations within the alliance collaboration also progress, whether directly or in multiple steps, to the key alliance manager and from there, if necessary, to the alliance board.

To vigorously enforce any decisions, the key alliance manager can rely on the support for his assignment from the directors of the individual alliance partners. Furthermore, the manager possesses personal qualities such as independence, willpower, know-how, management experience and charisma to gain the commitment of line managers and staff.

The key alliance manager's role may vary as the development phase unfolds. In the event of a crisis, for instance, the key alliance manager's role becomes intensive, whereby he expressly supervises the daily routine. In a stable working alliance, however, the key alliance manager will mostly play a background role, hardly interfering with the day-to-day operation and primarily focusing on keeping up to speed with long-term developments around the alliance.

Appointing a key alliance manager is not without risks. The presence of a key alliance manager may induce a wait-and-see attitude in individual organizations, which will assume 'the alliance boss' deals with all problems and guarantees progress.
In fact, simple or very stable alliances can also operate without a key alliance manager. In these cases, however, strong alliance directors should be appointed (see 3.4)

In the Dutch alliance for data and tax on wages, the key alliance manager's mandate over line organizations of the IRS and the SSA was no doubt a key success factor, aided by his ability to escalate via an administrative core team to the Minister of Social Affairs and Employment and the State Secretary of Finance. The awarding of this mandate ensured managerial strength, which meant that major progress could be made in a short period of time.

3.3
The line managers

Line managers within the organizations involved are responsible for executing activities aimed at achieving the alliance objectives. Periodic meetings at a tactical level ensures strong collaboration across the alliance. Around the meeting table competent and empowered line managers of alliance partners are required: the key alliance manager, and the alliance coordinator(s). This meeting is the 'beating heart' of the alliance and to some extent works as its daily management mechanism. Participants may not send replacements to this meetings so as to ensure optimal alliance management.

And rightfully so, as this table ensures that strategic choices are jointly translated into operating, starting and monitoring projects, discussing reports and drafting proposals to the alliance board. Individual line managers at the meeting table interpret the agreements reached and steer their staff accordingly. As for the key alliance manager and the alliance coordinator, they have an advisory and monitoring role, with a view to fulfil the agreements within line organizations.

3.4
The alliance coordinator

The alliance coordinator's role clearly differs from - albeit remains closely related to - that of the key alliance manager. To start with, an important distinction lays in that the key alliance manager operates independently from the organization and carries the weight of the entire alliance, while the alliance coordinator primarily maintains the connection with the alliance from its own organization (there is, therefore, an alliance coordinator per organization).

On a tactical and operational level, the alliance coordinator ensures that the horizontal alliance process across all links actually takes place as desired and that this remains so over time. The alliance coordinator is sometimes referred to as 'the oil man' of the alliance, who performs important work within his organization, particularly at the switch points of the alliance. In particular, alliance coordinators provide support for the alliance within their organization, stimulate people to collaborate with the alliance, and ensure that alliance interests remain visible within their organization. To this end, they must be able to exert influence without resorting to formal authority.

While substantive knowledge of the alliance is essential in the alliance coordinator's job, the emphasis of his abilities is mainly placed on a communicative and relational level. The alliance coordinator is a proactive person, quick to recognize where appointments and/or activities in the alliance fail to run as expected. If bottlenecks arise, for example, the alliance coordinator takes the initiative to quickly assemble a team of alliance staff with the relevant expertise and line managers involved. If despite everybody's best efforts, the bottleneck cannot be resolved, the alliance coordinator escalates the issue to the key alliance manager who picks it up and, if necessary, escalates it further.

In the business sector, alliance coordinators are usually called alliance managers. Amongst them, we can distinguish two types. Some alliance managers have executive powers in the organization because, further to their task as such, they also lead a business unit. The most common scenario, however, is where the alliance manager has no executive authority. For example, alliance managers in the various airline alliances maintain a broad view of the situation, influence their own and the partner's organizations, and prepare meetings of the alliance board. All in all, their work consists of keeping a smooth, well-oiled relationship going. The role of key alliance manager lies with the alliance board, which has joint executive authorities.

3.5
The alliance agency

To support the key alliance manager (and alliance coordinator) in alliances of notable complexity, it might be worth setting up an alliance agency as an independent support organization, which is tasked with stimulating players, launching initiatives and monitoring developments. In the alliance agency's the employees work as the ears and eyes of the key alliance manager or, more formally, his staff.

In certain scenarios, having a physical alliance agency can boost alliance collaboration. The office is staffed by sourcing top-notch staff from alliance partners, who ensure that all agreed measures are implemented by all the organizations involved. The alliance agency's staff work together intensively, preferably at a shared location (co-location) and thus serve as a 'showcase' for alliance collaboration. Moreover, they know full well what the objectives of the alliance and the organizations involved are, the bottlenecks and the intended solutions. From its neutral position, the alliance agency 'acts' on behalf of the alliance and ensures the connection between alliance partners without taking sides. It also ensures that the interests of the organizations involved do not prevail over those of the alliance as a whole.

Besides, the alliance agency plays an important role in the substantive monitoring of projects, and in managing the reporting and accountability process.

The Star Alliance and the Skyteam Alliance, where numerous airlines collaborate, have also set up central, supporting offices. Whilst they lack decision-making authority, these offices support individual partners with the introduction of quality and marketing policies, as well as launching new services. In doing so, they ensure further standardisation amongst partners.

Having said that, alliance agencies must be prevented from developing their own subculture, in which the staff's ties with their own organization are neglected or simply ignored. Even if alliance agency's employees work first and foremost for the alliance, they should not forget the potential bottlenecks within their own line organization. In particular, they must keep abreast of events happening at the operational level.

3.6
The decision-making model

Decision-making within an alliance with equal partners is a very precarious matter, as alliance relations are by definition vulnerable. No alliance partner wants to be confronted with decisions without prior and proper involvement beforehand. The decision-making process must, therefore, be transparent, clear and shared, with each partner being treated equally. What is more, all information must be laid out on the table and weighted relative to the alliance interest. If this credo is not endorsed, trust between alliance partners rapidly vanishes, taking cooperation along with it. As such, the decision-making process requires a good procedural organization and competent as well as available decision-makers with full knowledge of the facts. The decision-making model must be designed and implemented together.

3.7
The alliance meeting structure

Within the alliance, partners can set up an additional meeting structure, based on coherence, cooperation and on equal terms. The alliance meeting structure is connected to the meeting structures within the hierarchical lines at the alliance partners.

Important elements within this structure are the meetings between the alliance board and line managers. But also, on a more operational level, meetings are put in place to deal with relevant topics as overseeing daily production and managing change projects. At this point, it may be appropriate to appoint a chairman from each alliance partner who, in turn, leads the meeting.

Figure 5

Example of alliance meeting structure, based on the Dutch alliance for data and tax on wages
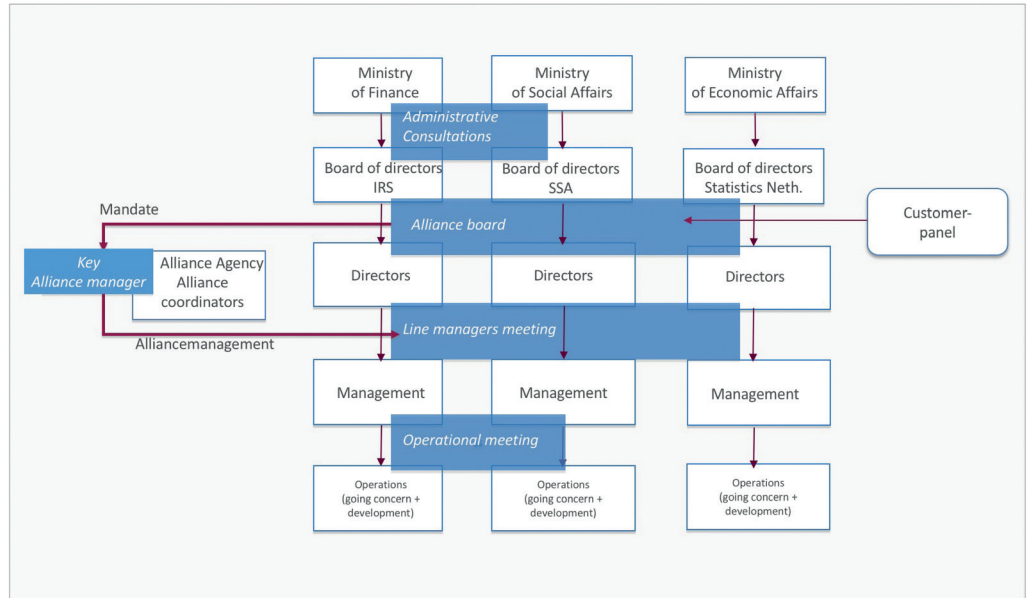
3.8
The alliance reporting

More traditional communication takes place along vertical organization lines, namely instructions and assignments follow a downwards path, from a strategic level to an operational one. Conversely, the common alliance reporting on results and financial-administrative accountability travels bottom up. Transparency, both to the alliance board and to individual alliance partners, is the name of the game. This means that alliance partners must describe the progress of the activities to be performed, any current bottlenecks and the coordination procedure between both organizations. Needless to say, this sort of behaviour may feel somewhat uncomfortable, as it goes against the (imagined) need to conceal sensitive issues. Regardless, experience shows that alliance partners have less trouble with such behaviours as the trust grows. Alliance reporting is complemented and linked content-wise (sometimes in the same form) to reports of individual alliance partners.

Real life examples show that reports can take many forms. Solvay and Quintiles, two companies in the pharmaceutical industry, manage their relationship by using the balanced scorecard method. Scorecards set a limited number of measurable targets annually. One of the objectives of the relationship between Solvay and Quintiles is the improvement of clinical tests speed, for which annual targets were set. Over a period of four years, it turned out that clinical tests could be performed 40% faster. As in the example above, choosing a limited number of measurable objectives ensures focus in the alliance. Moreover, progress reporting becomes much easier, as only a limited number of indicators must be reported to the alliance board.

3.9
The alliance information infrastructure

Alliance collaboration sets new requirements for information exchange between alliance partners. Data must be made available outside the boundaries of the organization, may have other suppliers and users and must often be combined with information from other alliance partners. This situation, of course, is prone to interoperability issues. In fact, current infrastructures at most organizations are unsuitable for large-scale information exchange between alliance partners. Thus, there is a need for an overarching infrastructure, which is an absolute must for current complex alliances between public institutions. There is nonetheless a risk of overreaching and overestimating thereby the possibilities of the organization involved. In this context, the trick is to keep planned infrastructure as well-organized and manageable as possible. Grijpink's doctrine of information based alliances offers a methodical approach to implement accurate, automated alliance communication, avoiding pitfalls.

3.10
The alliance financing

Alliances offer various mechanisms to settle costs and benefits. The simplest way is for everyone to bear their own costs whilst keeping their entire revenues. This does away with any settlement or complicated administration. Another approach entails settling costs and benefits amongst alliance members. Before doing so, however, we must determine the settlement basis using one of the many methods available. For example, equal settlement by partner (e.g., with four partners, each would bear ¼ of the cost), consumption or usage-based settlement (e.g., an alliance partner completing 80% of the activities would also bear 80% of the costs), partner size-based settlement (this can help keep alliance collaboration affordable for smaller partners). Bear in mind that these are but a sample: There are many more financial settlement models we could consider. When it comes to financial mechanisms, carefulness and regularity are paramount.

> In the Dutch alliance for data and tax on wages, it was consciously decided to have each organization bear the relevant costs, thus avoiding creating a common 'pot of money'. This avoided overbearing, daily discussions on deployment funding, eliminating also back-and-forth settlements. As for common cost items, these are usually dealt with in pragmatic agreements.

3.11
The autonomous professional

Alliance collaboration demands from alliance staff a high degree of independence, pro-activity and discipline, skills which are deemed crucial to deal responsibly with the latitude and options within work. Those skills become visible in the following behaviour:
- In first instance, solutions are sought on a horizontal level (when dealing with difficult issues, it is not immediately escalated);
- common problems are not addressed unilaterally, but (through the awareness of the meaning and the importance thereof) in consultation and in collaboration with alliance partners;
- alliance staff of various partners work as a team, which as such bears responsibility for the intended result;
- real alarm signals and bottlenecks are brought to the top alliance level after mutual consultation and in a structured manner. This prevents unnecessary panic, administrative pressure, and incorrect procedures.

Employees at the operational level look beyond the boundaries of their domain and seek dialogue with their colleagues at the alliance partners. Their managers refrain from interfering in this process, while communication and information exchange with other parts of the alliance are actively encouraged. The freedom to communicate with colleagues at alliance partners is necessary to ensure effective alliance communication, obviously within the limits of business confidentiality and integrity.

Effective collaboration at the individual level can also have adverse effects. For example, employees who build up a good, intensive working relationship with colleagues at an alliance partner may be looked down on or singled out by their own colleagues or managers. They can be regarded as less employable or valuable for their own organization, or even as people who play 'for the other team'. Now, this sort of undesirable reactions will have to be managed.

Finding autonomous professionals is by no means a simple task. It requires a strict selection of enthusiastic people who 'root for alliance collaboration', willing to take responsibility and learn. Alliances are first and foremost people's work and alliance collaboration stands or falls with the will and passion to realize a common and inspiring objective.

> "The presence of enthusiastic staff that dare think and act differently is crucial to bring alliance collaboration to a higher level, as evidenced by the experience within the work and income alliance. In general, enthusiastic people bring about the most significant alliance successes." From: Lessons from the alliance of work and income, Tools for solid alliance cooperation.
>
> In an interview, the Director of Trade Register (Chambers of Commerce) also stated that alliance collaboration is primarily people's work, and only gains real traction when key people get involved.

3.12
The coaching (team) manager

Team managers have the most important 'lever' to deploy alliance workers that give meaning to their actions. Alliances require a different style of management; a style where staff enjoy ample leeway to assume personal responsibility and choose their thinking direction inside a coherent analysis framework. Therefore, the management centre of gravity lies low in the alliance. From that realization, team managers are expected to:
• coach leadership on the behaviour described above for autonomous professionals;
• be output-oriented, but always willing to consult with regards to support, content, and process;
• give staff space to search for solutions themselves in conjunction with the alliance colleagues;
• restrain the inclination to control and manage everything by themselves and directly.

This requires confidence from (team) managers in the staff. Employees can consult with their managers on problematic issues and feel their support with regards to the chosen solution.

The tactical management level listens to the description of operational alliance problems, receives advice on potential solutions thereto, and then monitors the identified problem and ensures that the desired solution fits the common alliance objective.

In the initial alliance phase, 'leaving the initiative to the work floor' it is difficult for both (team) managers and staff as both still have to get used to this form of management. That takes some time and demands 'training on the job'.

"In general, it is middle management that experiences the most problems when getting accustomed to the new situation. For managers, alliance collaboration makes exercising the same influence as they had before much harder. In addition, alliance partner managers are rated in accordance with different performance schemes. Thanks to collaboration, there can be pressure on the own performance. With this, a certain risk exists which the collaboration with alliance partners could be put on the second plan." (From: Lessons from the alliance of work and income, Tools for solid alliance collaboration.)

3.13
The 'soft skills'

Not technology, but the soft skills of alliance players constitutes the hardware for alliance collaboration. Soft skills are social skills that shape people's attitude and behaviour. Issues such as intrinsic motivation, creativity and personal involvement play an important role in the development of soft skills. For alliance collaboration, soft skills are indispensable as alliance collaboration falls or stands in the way people interact with each other. In practice, there are techniques available to help develop soft skills. A few examples follow:

- Standards and values statements. An increasing number of alliances have lists with the 'ten commandments' on how to mutually interact and collaborate. These lists are often also hung in visible places, for example, at the coffee machine. It goes without saying that having such a list is just an initial, insufficient step, and that impact is brought about by discussions held about it and the visibility thereof.
- Co-location. Bringing colleagues together from alliance partners leads to more interaction and knowledge exchange, further understanding and trust, and improved ability to regard topics from the alliance partner's viewpoint.
- Culture screening. The screening of organizational cultures and making differences and similarities negotiable between them offers insight into what is constituted as productive behaviour within the collaboration.
- Team building. To promote collaboration, it is important to consciously work with joint activities on the mutual trust and bond within and between teams, for example, by organising outdoor activities (rafting in the Highlands), cooking together, or doing something for charity. In addition, models such as Belbin can increase the insight into the composition and the qualities of the team.
- Informal sessions. Further to business meetings, it is a good idea to occasionally arrange an informal meeting (drinks, parties) to strengthen the feeling of togetherness.
- Mutual internships. When people from one partner spend time with other partner's, collaboration tends to be perceived under a different, decisively more positive light. Problems, details and processes that were hitherto untreatable suddenly become understandable.

3.14
The learning circle

Learning organizations contribute to successful alliances. Dialogue, reflection and feedback can be used to intensify the exchange of knowledge and skills. Learning circles, which concentrate on certain (problematic) aspects of the alliance (e.g., collaboration), are a great instrument to this end. Typically, learning circles are implemented as interactive sessions in which, besides a substantive exchange of knowledge, discussions on procedural, relational, and cultural aspects are held.

Toyota is the world champion in implementing learning circles within alliances. Toyota requires suppliers to participate in different knowledge-exchange groups, which may, for example, concern themes such as quality, environment or innovation. In learning circles, various alliance players visit each other's organization to understand how others deal with particular topics. By doing so, knowledge transfer happens quite naturally inside the alliance.

3.15
The alliance map

Alliance communication benefits a great deal from an alliance map that presents the entire alliance process, from beginning to end, in an understandable manner. As a rule, the map provides an overview of and insight into the alliance and works as a common frame of reference whereby partners accelerate their mutual understanding. Using the alliance map, staff can position themselves in the alliance, see what comes before and after them, and ask colleagues about their role in the alliance. Last but not least, the alliance map helps discuss difficult interfaces together, and within their organizational context.

The alliance map is drawn up jointly, preferably printed out in large format, and hung in suitable places. Keeping the alliance map updated with changes is an ideal opportunity to get all alliance staff back together and do some proper catching-up. Figure 6, shows the alliance map that was developed for the Dutch alliance for data and tax on wages.

3.16
The annual alliance plan

The annual alliance plan is a powerful alliance management tool designed to transpose the alliance vision, mission and objective into annual activities. Simply put, it sets out the alliance objectives for the year. Furthermore, during the year, it provides a reference to fall back on and use as a performance yardstick.

Figure 6

Figure 6 Alliance map for the Dutch alliance for data and tax on wages.
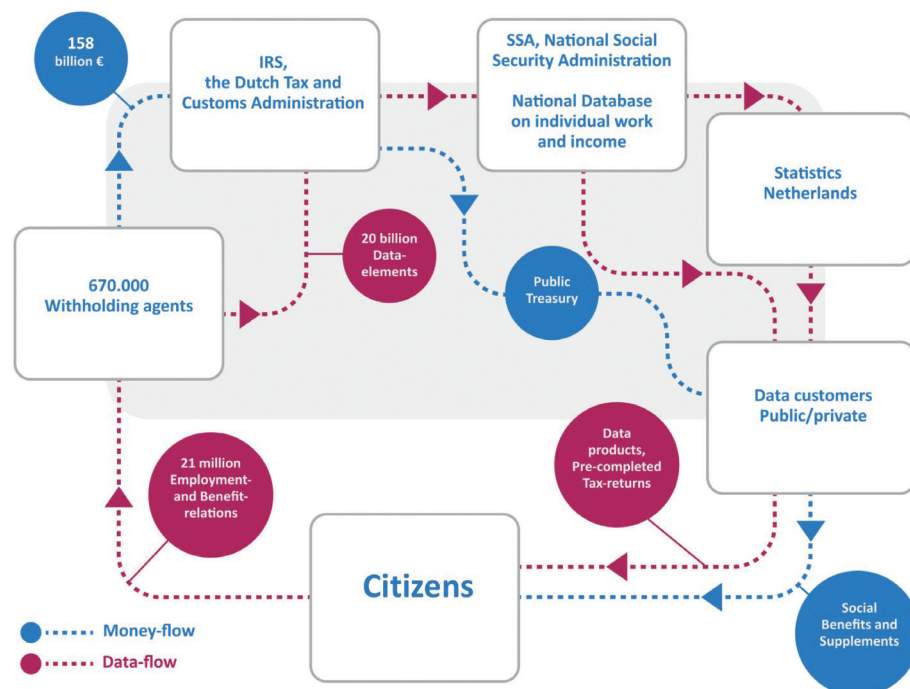
At each level within the alliance, it indicates the required deployment extent per alliance partner. All alliance partners work together to produce the annual alliance plan. This joint effort ensures a direct knowledge exchange on what is and what is not possible and desirable. In turn, this increases mutual understanding, speeds up the plan approval process, and creates the necessary endorsement. Periodically, actual events and progress are compared against the annual plan and its expectations are tweaked accordingly if appropriate.

3.17
The alliance conference

A recurring, multi-day alliance conference, whereby key players in the alliance review the situation at all levels, has a strong binding effect. For it is through this sort of gatherings that a common history emerges, ultimately strengthening alliance collaboration. Moreover, conferences prove to be outstanding tools for network development and team building, especially if, besides formal matters, there is also room for informal sessions.

The relatively open agenda for these conferences actually reflects the day-to-day management of the alliance focusing on the alliance's foundational elements, whether it may be of a content, and procedural, relational or cultural nature. All matters are brought to the table and discussed at length, leaving no cards unturned. The whole point is to look back but to also look forward into the future, with a long-term perspective. For example, the group can review and establish as a team the key principles for the upcoming annual plan.

3.18
The annual evaluation

Further to the annual reporting of operating results, it is advisable to assess alliance collaboration as such to keep everyone sharp and on cue. To do so, there are several instruments designed for stakeholders to describe their experience with collaboration in all its aspects, from the way in which the alliance management fulfils its role to collaboration in the workplace. The emphasis here is on attitude and behaviour, and the way in which the specific implementation of alliance management (the combination of building blocks) contributes to alliance operation and the realization of the intended alliance objective. The annual cycle ensures a fresh and realistic view of the state of affairs, and clarifies where the focus should lie.

In the Dutch alliance for data and tax on wages, this review was implemented as an online survey, which held various statements about content, procedures, relationships and culture. About fifty alliance players, set at different levels, could indicate their agreement —or lack thereof— with these statements on a scale of 1 to 5. Results were then fed back and discussed at an alliance conference using the spider web diagram below. This served as an input for dialogue and the development of improvement opportunities.

Figure 7

Annual survey on the experiences of participants on the four dimensions of collaboration
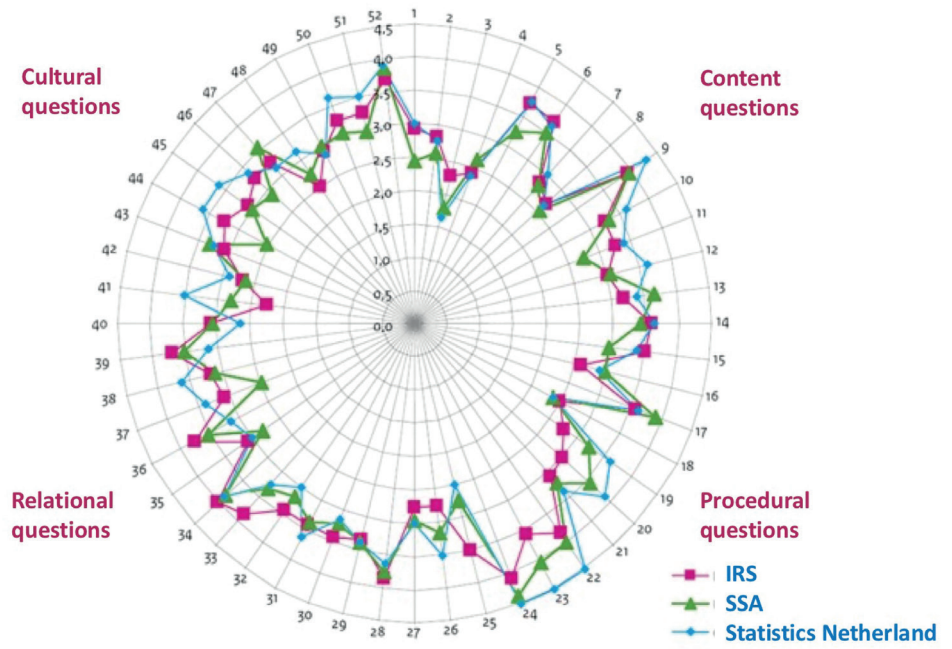
4 Implementation of alliance management

The implementation of alliance management tends to be alliance-specific, as variations in alliance complexity and intensity prove too large for a common approach. The more the collaboration encompasses, the more time and attention the implementation will require because the relationship must deepen and numerous aspects must be consistently aligned.

4.1 The start-up phase

Following the decision (by alliance partners or politicians) to implement an alliance, and once the directors have established the first team to set up the alliance, the alliance is ready to take its first steps. The chief amongst those, is attracting or appointing a key alliance manager, which proves an important catalyst for alliance implementation. As such, the key alliance manager embodies the alliance objective, and his work starts by linking the organizations involved at the management level. His first assignment is to get the directors intrinsically and explicitly behind the alliance objective and to let them spread the collaboration mantra. Meeting periodically — and in a visible fashion for the organizations involved — shows that directors take the alliance seriously. The recruitment of performers for various alliance-related (development) activities can then begin. This will be the starting point when the construction of a specific management model begins with alliance players, in a hectic activity display.

4.2
Initial alliance conference

To speed up the process of mutual convergence, it is useful to arrange events, such as an initial multi-day alliance conference to get to know each other better, to understand each other's work and ambitions. Among other things, this conference serves to lay down a relational and conceptual basis for how alliance collaboration should look like. Also during an initial alliance conference, it can plant a seed based on the 'alliance thinking', the 'mindset' and the shared identity. The presence of board-members of the individual partners at that first conference is (and continues afterwards) of great symbolic significance to underline the importance of alliance collaboration.

If properly addressed, an initial work conference sets the tone for later developments. Adopting, however, a too technical and purely instrumental approach does not do justice to what alliance collaboration represents. In fact, real change lies with the people involved, because they do shape the future; technique, however, no matter how ingenious it might be, is but a tool. Let that consideration be the center of gravity for the initial approach, which you can revisit at later conferences.

Besides the initial and annual conferences, alliance-specific meetings can be held throughout the year: lectures, evaluation meetings, courses, etc., but also meetings in a more informal atmosphere. Everything to increase collegiality and strengthen the ambition to collaborate towards the common objective.

4.3
Focus on quality and continuity among alliance staff

The construction and operationalization of alliance collaboration require that a focus is directed towards quality and continuity among the alliance players involved.

In the internal recruitment of employees to staff the alliance, looking at technical or material knowledge, or considering 'casual availability' alone might not suffice to find suitable candidates. For it is precisely the relational skills (soft skills) and the personal will to mean something in the alliance that makes someone suitable. An alliance lacking passion or pleasure cannot come to life; it is thus necessary to find and recruit enthusiastic and inspired people.

For similar reasons, changing key players too often should be avoided, especially during the construction phase. This requires commitment from each alliance partner to avoid recalling alliance players without notice and replacing them with other staff. Pioneering profiles are required to kick-start alliance collaboration with a bang, jointly laying down the foundations for further alliance development.

In the longer term, it is also key to retain knowledge about the initial alliance phase. What were the problems, how did they arise, and what solutions were chosen? By leveraging this historical awareness, parties can avoid repeating the past errors and eliminate inappropriate solutions that the group previously adopted. The long-standing presence of one or a few players within the alliance organization provides a basic contribution to this historical awareness, a kind of 'memory' for alliance collaboration.

In practice, it turns out that not everyone is fit for alliance collaboration. It is important to monitor this properly and signal it in an early stage. Whilst individual counselling can work at times, it is often better to give someone struggling with alliance collaboration a role outside the alliance, a far superior situation for both the person in question and the alliance.

4.4
Gradual design of the management model

Alliance management must be cautiously operationalized, by taking one step at a time. Clear and concrete steps are taken first, especially in areas where the traditional, task-oriented methods clearly prove inadequate. To build the mindset required for alliance collaboration, alliance players are actively and intensively involved in the design and construction of the management model.

In concrete terms: alliance players at all levels must implement and embrace the management model in relation to each other. That is the best way to come up with a fully endorsed management model, which can be developed later in practice.

Alliance players at all levels have to get used to the new way of working. To this end, the alliance must provide leeway for innovation and experimentation, for 'trial and error'. If something goes wrong, the standing organization should not immediately trigger control mode (the 'hierarchy jolt'). The motto should be: "Take your time for development and learn from mistakes".

As noted above, there is no blueprint for setting up alliance management. It is rather a matter of giving 'top-down' confidence and building up 'bottom-up' trust. Leadership cannot and must not expect that 'everything will work out well all at once'. On the contrary, it must allow ample room for the operational layer to learn from its mistakes, whilst actively participating in situational analysis and coming up with improvement measures.

Otherwise by the same token, the operational layer should not expect full leadership's trust from day one. Trust must be earned and cannot be enforced. In particular, mutual trust emerges when sharing openly, transparently and consistently both the positive and — more importantly — negative aspects of the operation.

4.5
Dealing with counterproductive cultural influences

When alliance collaboration is imposed by the government, resistance to change is bound to be strong and long-sustained. During implementation, these resistances usually emerge automatically, so it is key to be well prepared and know how to deal with them.

To start with, we must understand why resistance exists. With imposed collaboration, it is difficult or even illogical for participating partners to think as an alliance. Many organizations are naturally inclined to solve problems by themselves and will exhibit such behaviour for a long period of time, even while collaborating with alliance partners. Often, despite all the agreements, they will work alongside each other instead of looking for solutions together (rather solo than together). It remains important to keep reminding the partners on the (external) objective of the alliance and to constantly bring them into dialogue with each other.

What is more, organizations know full well their own set of habits, which are taken for granted within their own circle as the expected behaviour. As soon as two or more organizations start working together, these unwritten 'elephant paths' stir miscommunication and misunderstanding. It is therefore important to pay attention to this, recognize these habits collectively and, if necessary, replace them with new ones suitable to strengthen alliance collaboration.

To deal with counterproductive cultural influences, it might be advisable to place staff from different organizations in the same location, sharing one physical space.

As regards the usefulness of working under one roof, the staff of the alliance agency describe the experience of doing so, as part of the Dutch alliance for data and tax on wages, as very positive. Within the alliance agency, the identity of their own organization was secondary, and it was obvious that the alliance agency represented the alliance interests. What was even more striking was the pace at which new alliance agency staff endorsed this principle.

Other alliances, which have the same neutral meeting point for alliance partners to physically collaborate, for example, workplaces in the Work and Income alliance, regard such a place as a catalyst of alliance collaboration.

4.6
Seeing through outsiders' eyes

The development of alliance collaboration demands major direct involvement from all layers within the organizations. Unfortunately, this may favour the appearance of blind spots. People involved can stand so close to the action that the big picture escapes them and may deviate unnoticeably from the original objectives or throw too much energy into things that 'hardly matter'.

To limit this risk, it is advisable to have 'external' parties take part from time to time. For example, internal audit services but also external parties can be (actively) engaged to regularly review current developments with an independent view. Their findings should contribute to keeping the original objectives in focus, whilst concentrating on the truly relevant issues.

Bureau Gateway supervises Gateway Reviews for high-risk projects and programs at the Dutch National Government. The risk profile is determined by the financial size, political sensitivity, impact of the change strategy, and the investment in information and communication technology. A Gateway review is a collegial, confidential review of a program (start), project or organization at the request of a manager. The review itself is completed by a review team of four people, who work in similar positions as the client. At the end of its work, the review team provides verbal feedback as well as a report on findings and recommendations. This gives the client a few practical tools to boost the success rates of its projects, programs or organizations.

4.7
Alliance development stages

It may take years before an alliance is fully implemented and operates properly. What is more, things will seldom work the first time around as expected. We can distinguish roughly three stages in the alliance development process (see Figure 7).

The first stage is opportunism. Ad-hoc collaboration should truly be the last resort. Whilst individuals are responsible for collaboration, the alliance is not widely recognized in the organization.
As the alliance becomes larger and develops further, additional procedures are introduced, and ad-hoc
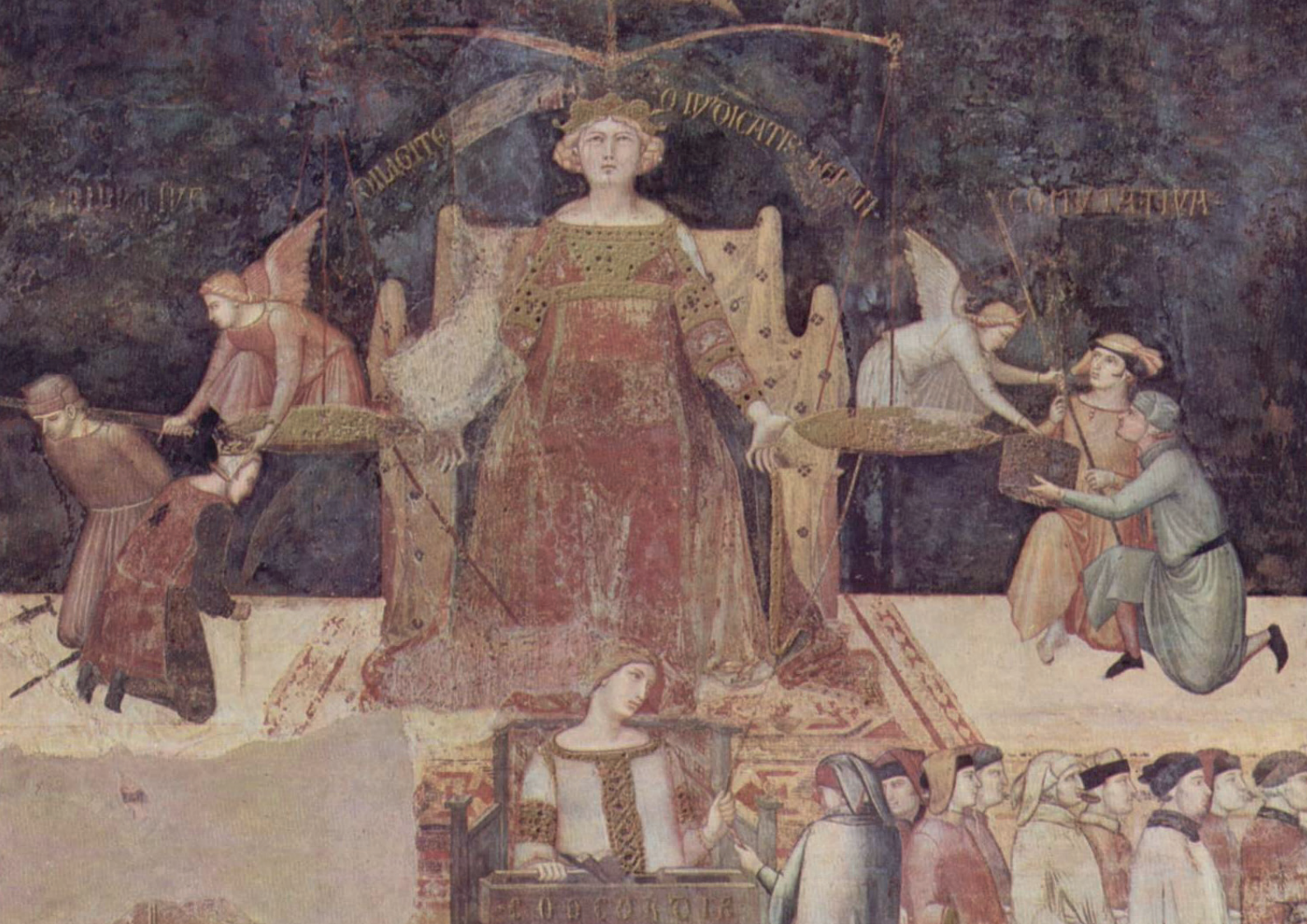
The scale of Justice

collaboration gives way and takes place regularly. The process has become stable, and groups have learned to work together

Chances are that the alliance culture ends up gaining mindshare. Thus, the alliance becomes a fixed component of the organizational strategy, being continuously improved and recognized by the organizations involved as crucial for its own survival.

Not surprisingly, certain alliances follow different cycles. In fact, many alliances fail to make it past the opportunistic stage. Other alliances skip this stage and start with the procedure-oriented one instead. Achieving cultural sensitivity is a long and arduous process, which may extend over many years.
However, this is not always necessary. Quite often, the alliance can remain in the procedure-oriented stage.

Figure 8
Alliance development stages

	Opportunism	Procedure oriented	Cultural embedded
Strategic focus	Look at the collaboration from case to case; solving incidents	Routine driven success; the process must work	Driven by a long-term perspective
Operational model	Ad hoc; some individuals run the collaboration	Standardized approach; groups are involved in the collaboration	Collaboration is a routine on organizational level
Visibility in organization	Collaboration is not seen as core business	Collaboration is more visible within the organization, but still limited to some departments	Collaboration as core competence; necessary for the functioning of the organization.

4.8
Patience

The gradual approach to alliance management development allows all those involved to become accustomed to a different way of working. This acclimatisation and thus achieving the right mindset must happen at all levels.

At the operational level, employees must regularly communicate with others and deal with (the realization of) decisions differently. Here, the focus should be on consistently presenting staff with the opportunities brought about by change, the social contribution that is being made, and the pleasure of co-creating with alliance partners.

At the tactical level, employees must get used to a changing interpretation of control, responsibility and accountability. On this level, the focus should be on inspiring, setting frameworks and giving space through engagement.

Finally, at the strategic level, directors must become comfortable with a world that runs through a management model lacking the familiar decision-making hierarchy. At this level, it is all about 'the big story', and inspiring and serving leadership.

5 Changes to alliance collaboration

In 2013, the first edition of 'Mastering alliances' ended as follows: "Society changes and traditional organizations disappear. Along with them, the classic manager and employee fade away. The generation of the future is ambitious and committed to freedom and autonomy. Daring, doing and sharing are becoming increasingly important". The above was also recognized in an eminent Dutch trendwatchers speech in 2013: "Those able to handle complexity do hold gold in their hands". According to this speech, however, this only succeeds when replacing old thinking models with new ones, and by taking different approaches. This chapter outlines the developments in recent years and looks at the future.

5.1
New trends

Since the first Mastering alliances' edition in 2013, the number of alliances and cross-organizational partnerships has increased significantly worldwide. New technological and social developments have accelerated this process, influencing and enriching alliance research, development and operation. The initially strong mechanical, linear and sequential alliance thinking has broadened to depict alliances as part of an ecosystem. Alliance processes are embedded in a much broader and dynamic environment, in which alliance partners learn together and create value with as well as for each other. Because of this new perspective on alliances, a more holistic and organic view of alliances has surfaced, and hitherto invisible connections have become visible. This development also took place noticeably within the Dutch alliance for data and tax on wages. Initially, the alliance was mainly seen as the collaboration between the three - as enacted by law - owners IRS, SSA and Statistics Netherlands. Today, however, the alliance is perceived as an ecosystem in which a multitude of alliance partners, including owners, which work together to achieve goals and set essential follow-up steps. Which developments underlie this new perspective on alliance collaboration?

The trend-pentagram developed by Sioo (see Figure 9) mentions a number of relevant developments.
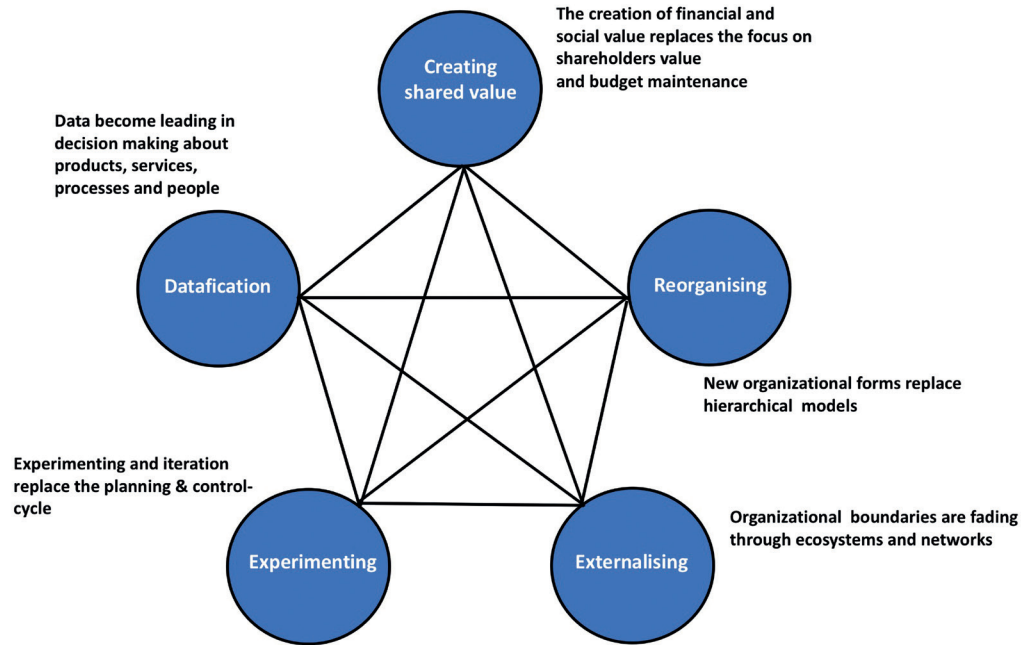
Creating shared value
The dominant focus on shareholder value (market) and budget maintenance (government) are partly replaced by the creation of social value. Today, it is not only about money but also about 'meaning'. In the 'economy of meaning', therefore, an organization creates social and individual value (meaning, well-being and fulfilment). This development has led to socially-worthwhile collaborative initiatives. For example, successful partnerships between biotechnology companies and manufacturers of medicines that jointly combat specific diseases are emerging in the pharmaceutical industry. Profit maximisation does not rule it all anymore.

Datafication
The decision-making on production and processes is increasingly being rationalised on the basis of data analysis on large quantities of data. Data sharing and the search for collaboration between the many source data holders are essential for this availability. This development stimulates new partnerships between related organizations. A good example of this is data collaboration between various organizations involved in the Dutch Judiciary alliance. Shielding is replaced by sharing.

Reorganising
Cross-organizational collaboration (partnering) is not based on a traditional customer-supplier relationship but is a partnership between equal partners based on consensus and win-win situations. This requires a new management vision, which demands flexibility and elasticity from organizations, less hierarchy and more professional, autonomous staff. Many organizations find themselves in the middle of this difficult transformation process, looking for new and working models for business, revenue, and collaboration.

Externalising

Ever more often, society demands products and services that cannot be offered by a single organization anymore. This requires organizations to come out and, on equal footing, seek collaboration with partners within the relevant 'ecosystem' (and network) of consumers, producers, service providers and policymakers. From the perspective of the demanding society, organizational boundaries are thus blurred.

Experimenting

There is no blueprint for the transformation to an open and collaborative organization. Generally speaking, transformation requires each organization to search for the necessary adjustments, with a view to responding to dynamics in their environment in an adequate way. However, this search cannot rely on classic development methods and a traditional planning & control cycle, which are often too static and take too long to guarantee success. Organizations require an experimentation space to jointly try out initiatives, test them, make improvements and gradually learn, progressing through incubators and pilots.

5.2
Ecosystems, a different view on alliances

The term ecosystem refers to a collection of natural entities with their own goal, which mutually influences each other and continuously creates a natural and optimal balance together. This idea serves as a useful metaphor for understanding cross-organizational collaboration, where multiple organizations interact with each other, share a higher interest and make a conscious effort to fulfil this interest. This collaboration process develops without a central management authority. It is indeed a spontaneous process that arises through the will and interaction of collaborating parties. Each of these parties seeks to achieve (social) objectives that can only be reached through collaboration.

Figure 10

Sketch of the ecosystem of the Dutch alliance for data and tax on wages

Ecosystems evolve through certain development stages. This fact is evident in the ecosystem of the Dutch alliance for data and tax on wages. In the first phase (until about 2010), there were some very dominant organizations within this ecosystem that set its course, namely the alliance owners (IRS, SSA and Statistics Netherlands). At that time, all activities were mainly intended to stabilise the tax declaration process. The mandate was clear: The alliance had to work and continue working. All other objectives were secondary. At that time, quality demands from alliance partners, i.e. data users, payroll software companies, and payroll administrators were not yet a priority. Only after the alliance process achieved the required stability did the alliance owners develop the space and openness to discuss data quality requirements with alliance partners. Since then, partners' requirements have been increasingly considered and quality has taken centre stage. Moreover, this dialogue has allowed for a more equal relationship of collaboration, more attention to and a better understanding of each other's interests, but also to socially desired and good quality products. At present, there is a joint value creation process. From the management perspective, organizational boundaries between owners and collaborating partners have become more fluid and blurred. For it is not individual organizations that are central in the management system, but rather the partnership focused on the optimal implementation of common objectives.

The future of the Dutch alliance for data and tax on wages is no longer decided exclusively by the IRS, SSA and Statistics Netherlands. On the contrary, it is a process whereby owners together with representatives of payroll software companies, payroll administrators and data consumers ponder about the future alliance configuration so that it creates a win-win situation for all stakeholders. This other approach, which is characterised by equality, became clearly visible during the autumn conference of 2017 when the future plans for the Dutch alliance for data and tax on wages were not presented by the owners, but by representatives of the alliance partners.

The great diversity and mutual dependence between ecosystem partners often becomes a source of creativity and innovation, which regularly leads to breakthroughs in previously unsolvable issues. This progress is made possible by expertise arising from several sources, and that opens up new solutions. It is precisely the differences that provide the conditions for creativity and value creation in an open and non-centrally controlled environment. Most of the times, these types of partnerships may even lack a concrete objective at first, but hold evident potential. Thus, the motto becomes 'launch first and build later'.

Not surprisingly, these new partnerships are experimental, data-driven and technologically innovative. They thrive on a management culture characterised by reduced hierarchy levels, equality, and trust in each other, shared responsibility, transparency and a great management and controlling effect of all parties within the ecosystem: the community. A striking example of this is the Future Store Initiative of the supermarket alliance Metro, whereby very diverse organizations collaborate to realize the supermarket of the future. It is a project-based, multi-partner alliance, in which various participants are driven by their belief in offering added value to this supermarket of the future.

Applying ecosystem thinking to collaborative relationships is new with government organizations. In recent years, a few experiments have been conducted within the Dutch alliance for data and tax on wages. In 2016, small meetings were launched whereby alliance parties within the wage declaration ecosystem together analyzed their relevance in the alliance, the interdependence and the value that each one added to the whole. These meetings immediately expanded their views on the actual system operation, as well as on the coherence between partners. It also became clear where and why problems arise and how these could be resolved, bringing things into view that were previously considered irrelevant, but which proved not to be. A great example thereof is the insight provided on the payroll administrator's role in informing and instructing many hundreds of thousands of withholding agents on correctly completing the declaration. The way in which this role is now being implemented positively contributes to the quality of declaration submissions. Investing in facilitating this support role for payroll administrators drove up the quality of the entire alliance.

In the Dutch alliance for data and tax on wages, thinking about alliances as ecosystems led to better prioritisation and a better understanding of collaboration dynamics, as well as to produce better investment decisions. Ultimately, it led to stronger and deeper relationships between alliance partners and initiated a dialogue that became a rich source for new value creation and success in the collaboration.

Platform organizations

Recent years have seen the emergence of a new collaboration form, the so-called platform organization, such as those of Google, Apple, Amazon and Alibaba. Platforms operate within a partner's ecosystem, for example, app developers. The interaction takes place online, and strict conditions must be met before the collaboration can start. In principle, there is no face-to-face communication between people anymore. This development manifests itself in an even stronger form within platform initiatives that are based on blockchain technology, such as the Ethereum platform. These are open-source platforms that rely on digital 'smart contracts' between partners. Furthermore, there is no longer any personal contact and no trusted third party, e.g., a bank or a notary, where validation or supervision takes place. These are zero-trust platforms, where trust is regulated in the transaction protocol via a digital contract. The human factor, which is often still the success factor for coordination and good collaboration, no longer plays a role in the implementation. It is digitised collaboration, whereby the requested service is executed on the basis of a programmed contract. The result of the service provided is recorded transparently and unchangeable in a public or private blockchain. This new form of platform organizations is still in its infancy, and it must prove itself successful in the coming years. It is nevertheless expected that these forms of collaboration based on blockchain technology will develop further. The human factor does not play a role in the actual collaboration.

5.3
Where does alliance collaboration go?

It seems that the classic problems in the field of information based alliances will hardly play a significant role in the future. Technological developments have brought new opportunities to connect systems where alliance collaboration has so often failed in the past. The infrastructural and application facilities for safe and fast interaction and data traffic between organizations and citizens are in full development. Moreover, collecting, combining, editing and distributing information/data, which is often used as a financial stumbling block, is ever more affordable. In the near future, interconnectivity is no longer a problem and the same applies to technological equipment for privacy and security. It will be a 'plug & play' world, where 'management' and 'a good relationship', which are still decisive for collaboration, will possibly assume a different, less prominent meaning. The collaboration will be completely info-based; the infrastructure and the process itself have already been arranged. Organizations, where the transaction part of the collaboration which takes place via a digital protocol, will work in daily practice without an explicit alliance or alliance management. This is already guaranteed in the digital transaction protocol. The traditional role of the key alliance manager will thus disappear. In a nutshell: The model where one person stood at the helm to steer in the right direction towards the future is passé. And this is ever more common in interactions with others. Instead, the ecosystem manager role is gaining prominence. This role is mainly concerned with the creation of a good and healthy climate in the ecosystem and investigates how to optimise the ecosystem.

Every day, operations in the public environment provide shreds of evidence that institutional renewal is just too slow. This is largely due to the fact that it fails to keep up with technology changes and ensuing people's emancipation. Many laws and regulations under development already feel inappropriate and out-dated to many advanced organizations. To respond faster to developments, the Government will have to change and, whilst taking on its own role, act as one of the many players to start the dialogue. It will no longer be the main player, which always had the last word since that behaviour no longer works nowadays.

5.4
The challenge

The endless possibilities arising from technological and social developments, combined with the associated complexity, brings fresh challenges along. In this world where everything seems possible, building a vision is indispensable to stay on course. Think, for example, of people's role in judging and deciding on ethical aspects connected to data usage and collection. Or the question of how policies can develop much closer to environmental requirements. It is indeed here that the full -yet slow- attention should be in the coming years.

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