

A guide to a new way of working together

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Iain McCormick and Denis Snelgar are alliance coaches with the Executive Coaching Centre. They have developed a wide range of alliances in New Zealand and internationally in the health, local government, roading, military, prisons and electricity distribution sectors. They offer their advice on alliance contracting in the health sector.

The four Auckland PHOs, ProCare, Te Hononga O Tamaki Me Hoturoa, Alliance Health Plus and Auckland PHO along with the Auckland District Health Board (ADHB) recently agreed to form an alliance to deliver the *Before Schools Check* (B4SC) programme. They collectively decided to use the transition to the primary care service delivery model as an opportunity to be innovative and work together in a new and different way.

This initiative fits into the Government's *Better, Sooner, More Convenient* (BSMC) model which aims to deliver a more personalised primary health care system that provides services closer to home and makes Kiwis healthier.ⁱ Health Minister, Tony Ryall, has confirmed that the BSMC initiative requires the health care sector to work more collaboratively and alliance contracting is seen as a way to achieve this^{ii iii}. Alliance contracting can be defined as a coalition between two or more organisations to achieve strategically important goals that are beneficial to all parties.^{iv}

Alliance contracting started in the early 1990's when British Petroleum (BP) had known oil reserves in the North Sea that had become uneconomical to develop. The company needed to dramatically change its procurement methods. They decided to depart from the traditional contract that produced mistrust and conflict between the parties. They realized that any new contracting strategy would need to create effective teamwork and trust. To achieve this BP developed a new "pain-share – gain-share" compensation programme. The total team would win or lose financially based on the overall project's performance. The project was a success as it reduced costs from an estimated £450 million to a final cost of £290 million and it began producing oil 6 months before originally scheduled^v.

Alliance contracts are based on the following principles:

1. A change in culture from a 'master-servant' to a peer relationship between the funders and providers
2. A collective responsibility for the alliance where all parties have an equal say and all decisions must be 'best for the alliance'.
3. A 'no-blame' integrated one-team culture.
4. A philosophy of delivering best value-for-money and outstanding outcomes for all.
5. A high performance culture with encouragement for innovative thinking.

6. Open and honest communication between all parties with no hidden agendas.
7. All risks and rewards are shared on an agreed equitable basis. Sharing the pain and the gain, all parties either win or lose together.
8. An express commitment to resolve all issues within the alliance without recourse to litigation except in the case of wilful default^{vi}.

Dr Denis Jury from ADHB recently suggested that alliance contracting has a wide range of potential benefits in the health sector including the ability to improve performance, productivity and innovation^{vii}.

The process of introducing alliance contracting into the health sector can be summarised as consisting of the following phases:

1. **Education Phase:** It is critical that both funders and providers have a common understanding of what alliance contracting is and how it works. Intensive workshops with a wide range of health professionals from all the collaborating organisations are the best method for delivering this information. A typical half-day session will cover:
 - a. What is an alliance contract?
 - b. Types of collaborative contracts
 - c. The commercial model
 - d. The interim alliance phase
 - e. Development of the alliance leadership team (governance board)
 - f. Development of the alliance management team
 - g. Development of the wider alliance team
 - h. Alliance renewal

At the end of this workshop the participants have a common alliance vocabulary and are well placed to decide if an alliance contract is relevant to their needs.

2. **Interim Alliance Phase:** If the organisations wish to proceed to form an alliance contract they start this process by developing the overall agreement in an Interim Alliance Phase. Workshops are used to gain common agreement between all parties. The first workshop is again attended by a wide range of relevant health care professionals who decide on the vision or big idea for the alliance, the scope of the services to be provided and the model of care – how the organisations will work together.

A smaller team is then formed to work through the detail of the agreement which include topics such as:

- a. Measuring success – the key performance indicators
- b. Principles and values of the alliance
- c. The commercial model and how any ‘gains’ will be re-invested in the service
- d. Risk management
- e. Demonstrating value-for-money
- f. The money flow in the alliance
- g. The alliance structure
- h. The development and sustaining of the alliance culture.

3. **Alliance Start-up Phase:** In this phase the Alliance Leadership Team (governance board) is appointed. This is best done on the basis of the skill and experience requirements of governance but initially some boards struggle to move away from organisational representation at the top table. Also the Alliance Manager is appointed at this stage and the team that will deliver the service.
 - **Alliance Performance Management:** Regular one-hour meetings need to be held between the Alliance Leadership Team and the Alliance Management Team to review progress against the Transition Plan and the Stretch Targets.
 - **Alliance Orientation:** A two-hour session needs be developed to introduce all staff and critical stakeholders to how alliances work and the model of care. This session is then repeated for all new staff.
 - **Team Development:** A series of monthly sessions need to be held to help staff understand team dynamics; how to build collaboration, to fight fairly, to set behavioural norms and to celebrate achievements.
 - **Alliance Manager Coaching:** Two-weekly one-on-one sessions need to be held with a seasoned alliance coach to help the manager deal with day-to-day operational issues.
 - **Alliance Culture Development:** The development and deployment of training, posters and other communication tools to build and maintain the culture of cooperation and breakthrough performance need to be undertaken.
 - **Transition Management:** A simple, clear, measureable plan needs to be developed to move from the former procurement model to the Alliance.
 - **Alliance Health Checks:** A simple quarterly survey to assess the morale of the team, their engagement and their belief in the alliance values needs to be undertaken.
 - **Innovation:** The new ways of working that lead to breakthrough performance need to be developed and implemented.
 - **Breakthrough Outcomes:** A level of performance that is well beyond the former business-as-usual approach is achieved through the implementation of the start-up phase.
4. **Alliance Delivery Phase:** In this phase the systems and processes of the Alliance are implemented in order to move towards the vision.
5. **Alliance Renewal Phase:** Alliances like all relationship-based agreements need refreshing from time to time. This is typically an annual process that involves learning the alliance lessons from the previous year and applying these to ensure continuous improvement.

The Auckland Before Schools Check Alliance vision is to have *“Every child in our district starting school in the best possible health ready to participate to the best of their ability”*. Their key principle is that ADHB and the Auckland PHOs have a common commitment to promote health and wellbeing in preschool children

and identify behavioural, developmental or other health concerns that may adversely affect the child's ability to learn in the school environment. The Alliance has completed its start-up phase and is now beginning to deliver results.

Initial feedback is very positive. Barbara Stevens CEO, Auckland PHO said: "Alliance contracting represents a refreshingly new way to leave our organisational hats at the door and collaborate to achieve a much better result for our population. Adapting the process to a relatively small health service has largely been a matter of using the alliance principles to underpin the way we work together."

ⁱ <http://www.moh.govt.nz/moh.nsf/indexmh/phcs-bsmc#whatisbsmc>

ⁱⁱ <http://www.stuff.co.nz/marlborough-express/news/3659455/Changes-to-health-contracts>

ⁱⁱⁱ <http://www.chl.govt.nz/corpbrd/DHBMeetings/2010/06July16/Item-Board-July%2010-CEO%20Update.pdf>

^{iv} Murray, E. A., and Mahon, J. F. (1993). "Strategic alliances: Gateway to Europe." Long Range Planning, 26, 4, Pergamon Press, Oxford, U.K., 26, 103.

^v Knott, T. (1996). No Business as Usual. Britannic House, London, UK.

^{vi} Rooney, G. (2003). Project Alliancing and Relationship Contracting Conflict Embracing Project Delivery Systems. Proceedings of the 16th Annual IACM Conference Melbourne, Australia.

^{vii} <http://www.adhb.govt.nz/news/Events/Tertiary%20Services%20Conference/2010/2010.htm>