MEDIA MONITORS

NZ Doctor
Wednesday 27/7/2011
Page: 31
Section: General News
Region: New Zealand Circulation: 3,000
Type: Magazines Trade
Size: 742.08 sq.cms.
Frequency: Fortnightly

The 'A,B,C' or '1,2,3' of alliances in health

Alliance contracting is becoming increasingly popular in health. In this article, Iain McCormick, an alliance coach with the Executive Coaching Centre, and ***Ron Hooton****, chief executive of ProCare, question just what the word "alliances" now really means, and detail the developmental stages of alliances*

Ron Hooton

Iain McCormick

Alliances can be seen to move through five distinct types, and only the final stage delivers the real patient benefit

The major changes that are going on in health were started by the Government's Better, Sooner More Convenient (BSMC) aspiration. BSMC aims to deliver more personalised healthcare services closer to home and make New Zealanders healthier.

Healthcare organisations have started to work more collaboratively, and alliance contracting is being seen by many as a key method in achieving this. Alliance contracting can be defined as a coalition between two or more organisations to achieve strategically important goals that are beneficial to all parties.

Alliances are being developed around the country including: Auckland, the Wairarapa, the Eastern Bay of Plenty, Canterbury and the West Coast.

In fact, it seems almost every meeting between two health organisations will include some discussion on alliances.

There is now so much talk of alliances that we have to wonder what the word now really means. Is it degenerating into an overused meaningless term like: strategic, leadership and transformational?

Astute leaders will be asking themselves a key question: "Will I achieve the same or more in terms of outcomes, for the same or less resources if I am in an alliance?" In many cases, the answer will be "yes", providing an effective alliance is established.

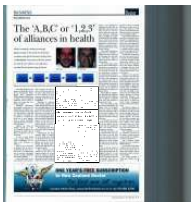
Alliancing in healthcare cannot simply transplant the systems and processes from the very successful approach used in infrastructure development. There are vital lessons to be learned from construction and other sectors about the importance of mutually agreed goals, about trust-based relationships, respect for each other's sovereignty, and the time and resources required to develop a high performance team.

These lessons need to be applied to the different landscape in health.

Understanding the developmental stages of alliances can help bring some clarity to organisations that are looking for direction in this area. Alliances can be seen to move through five distinct types – only the final stage delivers the real patient benefit.

Type 1 alliances are characterised by talk. This is an important stage as the various parties are starting to explore the concepts and application of alliancing. In health, this phase is often centred on an examina-

MEDIA MONITORS



NZ Doctor
Wednesday 27/7/2011
Page: 31
Section: General News
Region: New Zealand Circulation: 3,000
Type: Magazines Trade
Size: 742.08 sq.cms.
Frequency: Fortnightly

tion of disease entities or population clusters and examining how an alliance may work in these areas.

Alliancing is also increasingly being seen as a tool for solving the gnarly challenges that have tested the sector for many years. Alliances are not suitable for all contracts and are best suited where:

- the programme or service is complex and multifaceted
- they involve the integration of a number of different providers
- where working together enables the providers to produce a clearly superior level of service
- where there is already some level of trust between the parties
- the programme or service has a high monetary value and warrants the expense of setting up an alliance
- where senior managers of the organisations involved are committed to making alliances work
- where the organisations involved embrace change and are committed to sharing risk
- where the performance of the programme or service can be efficiently measured.

Type 1 alliances are a useful starting point but clearly they do not produce a BSMC result. Heralding the development of alliances at this very early stage is unwise. Type 2 alliances are characterised by trust building and a joint written agreement.

There are vital lessons to be learned...about the importance of mutually agreed goals, about trust-based relationships, respect for each other's sovereignty

Trust means a relationship that each party can rely on. It does not mean liking the other person or team but it is about developing a deep understanding of the expectations, aspirations, beliefs and capability of the other party. Trust is critical because it allows actions to take place that otherwise are not possible. There is always a time lag that exists between the extension of trust and the resulting trusting behaviour. Trust involves having faith that the other party will deliver, in due course.

Trust between alliance parties is best developed in workshops that allow time for individuals to get to know each other, not just in a work context but where there is time for social interaction. Workshops with an overnight stay are powerful vehicles for trust building. Time is critical for trust building because it allows the various parties to see each other in different circumstances and to become familiar with the range of their reactions.

Time together provides an opportunity for individuals to explore the views of others on the challenges they collectively face. This allows a degree of comfort where there will be no nasty surprises.

The written alliance agreement is central at this stage and will usually cover topics such as the vision and values of the alliance, its scope of services, the key performance indicators, the commercial model and how any gains will be reinvested in the service, risk management, how value-for-money will be demonstrated, how the money will flow between the parties in the alliance, the organisation structure and the process of developing and sustaining the alliance culture.

Type 2 alliances establish a firm foundation for collaborative behaviour. Type 3 alliances have an Alliance Leadership Team (ALT) that operates in the governance role.

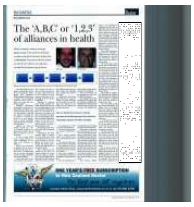
The ALT should provide direction and leadership to the alliance. They are the guardians of the culture of collaboration and cooperation that is the heart of the alliance. They must provide motivation and support to the alliance management team.

It is critical for the ALT not only to set the general direction for the alliance but also to work with the management team to set specific concrete performance measures.

This may sound like a simple mechanical task, but experience shows it can take from six to nine months to develop a good measurement system, to implement it, gather baseline data and then set up an effective performance measure and target.

The ALT must consist of individuals from each of the alliance partners who have the delegated authority to make binding decisions for the alliance. ALT members who need to frequently refer back to their parent organisations for

MEDIA MONITORS



NZ Doctor
Wednesday 27/7/2011
Page: 31
Section: General News
Region: New Zealand Circulation: 3,000
Type: Magazines Trade
Size: 742.08 sq.cms.
Frequency: Fortnightly

approval to invest or proceed will only be a burden to the alliance. ALT members are best selected on their skill and capability and not just as representatives of the alliance partner.

Type 3 alliances build in the governance foundation that is essential to outstanding performance. Type 4 alliances have a joint service team consisting of members from each of the partners. All team members report to a dedicated alliance manager. This is the stage where the alliance actually starts to work

The selection of team members who show a good level of social and emotional flexibility is critical at this stage because collaboration requires a willingness to listen, to empathise and to find creative solutions to challenges. Selection of the team solely on the grounds of technical competence is a recipe for failure.

Selection of the right alliance manager is the most important issue at this time. The individual needs to be a strong leader, with high levels of emotional intelligence (and emotional stablility), outgoing and assertive, open to experience, easy for diverse personalities to work with, and highly conscientious. The role requires the alliance manager to exercise considerable influence over a wide range of stakeholders where there is no formal authority. Project management experience is also a key requirement.

The alliance manager is effectively the chief executive of the alliance and will have individuals reporting to him or her who are employed by different alliance partners. For example, the alliance manager may be from a PHO and have staff from a DHB or even a NGO reporting to him or her. There are many complexities that arise from this that have to be effectively managed.

Type 4 alliances set up all the conditions necessary for the alliance to deliver practical results through the collaborative efforts of all parties.

Type 5 alliances actually produce proven and sustained BSMC healthcare.

It is only after all the above conditions are met, and the alliance has been given time to mature and to deliver, that the aspirations of alliance contracts can be realised.

The critical question is "What type of alliance do you have?". **D**