



# Alliances: Opportunities for psychologists

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Australia is now recognised by many as a world leader in the application of project alliancing. Alliances (project alliancing or relationship contracting) are a collaborative and alternative approach to delivering large and complex infrastructure projects where the owner and service providers form a team to work together and share project risks and opportunities. Broadly, the aim of an alliance is to deliver better value for money and improved project outcomes.

The emergence and rapid success of Alliances in Australia is reminiscent of the great opportunity that Employee Assistance Programs (EAPs) offered to psychologists some 20 years ago. The number of EAP providers over the last years has grown dramatically and they constitute a major source of employment for psychologists. EAP providers offer a wide range of psychological services that started with counselling for employees and their immediate families, trauma response and education, and progressively moved into other areas, including HR-related training and consulting services. In a slightly different context, alliances offer a new opportunity in our times for the future of psychologists in Australia. This article explains alliances in some detail and outlines the opportunities they provide for psychologists.

## History of project alliancing

The origin of alliances traces back to the Andrew oilfield project undertaken by BP in the North Sea during the early 1990s. The small size of the field made it uneconomical to develop. Despite the odds, however, BP managed to put together an alliance of seven contractors that made the project highly profitable.

The first Australian alliance was the Wandoo Alliance (Wandoo B Offshore Oil Platform) off the coast of Western Australia in 1996. This was an exceptionally successful project in which savings in time and cost were substantial. It demonstrated dramatic achievements compared to similar projects undertaken by traditional contracting methods.

During the last decade alliances have grown exponentially in Australia, extending from the oil industry to construction, road, rail, water and defence. Evidence of this growth includes: the large number of completed and in-progress alliances in all States and Territories; the increasing proliferation of alliances-related newsletters and electronic media reports; the emergence of new advisory and consulting alliance-related service providers in the market; a newly formed professional body (the Alliancing Association of Australasia – AAA) that assists in promoting and achieving excellence in alliancing and strategic partnering; the increasing numbers of alliances-related seminars, conferences, and conventions (e.g., Alliance Contracting Excellence Summit);

and the establishment of corporate designated titles or positions with specific focus on managing alliances in certain organisations. Further, the Victorian Government published the Project Alliancing Practitioners' Guide (2006), which provides a basic overview of project alliancing, and sets out a framework for selecting and establishing project alliances.

## Opportunities for psychologists

### Alliance partner selection

The first area of contribution for psychologists in alliances arises during the partner selection process. Traditional design and construct (D&C) contracting differs markedly from alliances in the way in which contractors are selected. In D&C contracting, each contractor competes on a price basis, price being a critical element of the selection criteria. Contrastingly, in alliances the selection of partners (which are referred to as non-owner participants – NOPs) is done on the basis of the proponents' experience, capability and attitude, without regard to price. Once the proponents have been selected as part of the alliance, the owner and NOPs team up to design the project and determine its cost, which is referred to as Target Outturn Cost (TOC).

Psychologists are in a privileged position to add significant value to the alliances selection process by using psychometric assessment and a range of interviewing techniques, and implementing assessment centres methodologies. Assessment centres evaluation techniques are also used in preparing teams for the selection process itself.

### Facilitation, team development and coaching

Once the alliance team has been established there is a need to set clear goals and objectives, and to institute a measuring system to track progress. This includes setting challenging and measurable targets, identifying key result areas (KRAs) and setting the corresponding key performance indicators (KPIs). Psychologists are well positioned to facilitate processes for the alliance to establish these and subsequently coach the team in achieving them throughout the duration of the project.

Another key feature of an alliance is the commitment to achieving results beyond business-as-usual (BAU). The terms 'extraordinary outcomes', 'game breaking' or 'breakthrough results' are frequently used. In order to outperform, the new alliance – a group of people that have just come together – must be transformed into a true alliance: that is, a high performance team. Needless to say, this does not happen naturally and can be particularly challenging since the team members come from different organisations. The alliance is now required to form a new 'virtual organisation' or entity and develop its unique culture.

Further, an alliance is not a legal entity and operates according to a set of established principles. The focus of the alliance is finding solutions to problems, rather than adversity and litigation. To this end, a non-litigation agreement between the alliance participants is signed. Hence, in essence, the alliance is based on mutual trust. Alliances are characterised by working together in a spirit of openness, cooperation and in a 'no blame' culture, with the aim of producing extraordinary outcomes (that is, outcomes which otherwise would not have been possible without using the alliance as a delivery mechanism). The behaviours required are referred to as 'alliance behaviours' – "one for all and all for one". Needless to say, this is easier said than done.

Psychologists can offer expertise in the areas of facilitation, group dynamics, team development, principles of collaboration and high performance, and performance coaching. All are invaluable services required during the formation stages, and to ensure smooth progress and successful completion of any alliance.

#### **Creative thinking and innovation**

Delivering extraordinary results requires the alliance not only to be results focused, but also to be willing to challenge conventional wisdom and standards. This, however, needs to be done in a constructive and productive manner. Eventually, creativity and innovation (as opposed to working harder and longer hours) produces unprecedented results. Psychologists have the knowledge and skills to provide alliances with the essential processes and techniques required to stimulate creative thinking and turn new ideas into practical novel solutions to challenging issues.

#### **Leadership development and executive coaching**

A typical alliance structure has three levels: an Alliance Leadership Team (ALT), an Alliance Management Team (AMT), and an Integrated Team (IT) or Wider Project Team (WPT). The ALT consists of senior representatives from each of the alliance participants and is responsible for providing leadership, governance and oversight to the alliance. The AMT is responsible for the day-to-day leadership and management of the project and is headed by an Alliance Manager, who is accountable for ensuring the alliance meets or exceeds the agreed alliance objectives. The WPT comprises the rest of the alliance members, with each position having a clear accountability for specific outcomes. All members are appointed to the alliance on a 'best-for-project' basis without duplication of roles.

A growing body of evidence and data gathered from industry leaders in alliance management consistently points to leadership as a critical success factor. A partnership like an alliance requires a unique set of leadership skills. Psychologists are well positioned to

provide leadership development initiatives and executive coaching to both ALT and AMT members.

#### **Alliance education**

Alliances have an educational component that relates to the induction, socialisation or onboarding aspects of the alliance, and to the learning participants need to acquire in order to become effective alliance members. This learning includes clearly understanding what an alliance is and is not, how it works and the behaviours expected of alliance members.

To this end, typically an 'Alliances 101' session is designed and delivered to everyone who joins the alliance. As alliances usually last for years and different skill sets might be required at different stages, different people join the alliance at different times. Thus, education sessions usually need to be run regularly.

Psychologists have the necessary skills to design, deliver and evaluate (if required) learning strategies and programs using adult learning principles and experiential learning methods that ensure the transfer of knowledge and skills.

#### **Evaluation and research – current agenda and proposition**

Alliances are not free of criticism. While there is extensive anecdotal evidence supporting the success of alliances, research is scarce. There is some research supporting the increased use and benefits of alliances (Manley, 2002) and the positive relationship between partner firms (Saxton, 1997). Many industry players remain sceptical, however, about the alleged value for money (VFM) proposition claimed by alliance advocates. Hence, VFM remains the most controversial issue around alliances in industry today. With the exception of some isolated case studies research (Opus International Consultants, 2005), there is virtually no robust quantitative research available to support the alliances VFM proposition. Such research would require a VFM comparative analysis between the alliance and D&C models. Indeed, this is a field waiting to be ploughed by psychologists. ■

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