

Measuring What Matters: Alliance Relationships and Performance

The exponential growth of alliances over the past decade has led to an increase in historical, sociological and psychological research into collaborative modes of work. The key to success with alliance projects is effective collaboration between the owner organisations, designers and builders of infrastructure projects. It's a situation that has led to greater interest in how individuals behave and in ways to transform groups into high performance teams.

Project alliancing involves both “hard” (technical, financial, etc.) and “soft” (human) challenges. While business is well-used to measuring the former, there has been a lack of suitable tools to measure, diagnose and improve the “softer” issues of relationship building and maintenance at all levels of an alliance.

Psychologists are essential to repairing this shortcoming. Alliances require “the right psychological foundation” and a different “psychological bargain” compared to more traditional forms of contracting. Furthermore, psychologists are trained in measurement of human attributes.

On this basis, a new model for measurement of “soft” metrics, the Alliance Psychological Contract (APC), was initially developed to a rudimentary stage by Beames (2007) , and subsequently refined through empirical research involving Australia-wide interviews with 24 alliance experts, who have 600 years of combined experience.

The development and application of the APC model, which is part of a PhD investigating alliance relationships and performance outcomes, can help build more committed and innovative teams, and create faster, smoother and extraordinary outcomes that transcend business as usual.

Making More of Methodology

Australia has been credited with leading the world in the use of alliances yet Australian alliance-related research has been largely descriptive, focusing on definitions, or anecdotal, using case-based interviews. It has been inconsistent and lacking in rigour.

The above-mentioned PhD aims to address that deficiency by combining advances in the measurement of intangible assets and human capital metrics. It provides a clear definition and the means of measuring the psychological bargains made by alliance members.

In addition to conducting interviews, the methodology includes a quantitative component. An APC survey (based on the APC model) has been developed, and was used to sample 16 project and program alliances across various industries in Australia and New Zealand.

The Alliance Psychological Contract (APC)

The APC is based on the concept of the Psychological Contract (PC), which describes the unwritten bargains which exist in working relationships, and is one of the emergent topics in organisational research.

The APC takes the concept further. It extends to relationships between alliance members and addresses the fact that members expect peers and managers to behave in accordance with alliance principles.

The APC represents the mutual beliefs, perceptions and informal or unwritten promises and/or obligations between alliance members, which are the basis for the dynamics of their relationships. The model assumes that the health of the APC has a direct impact on members' behaviour.

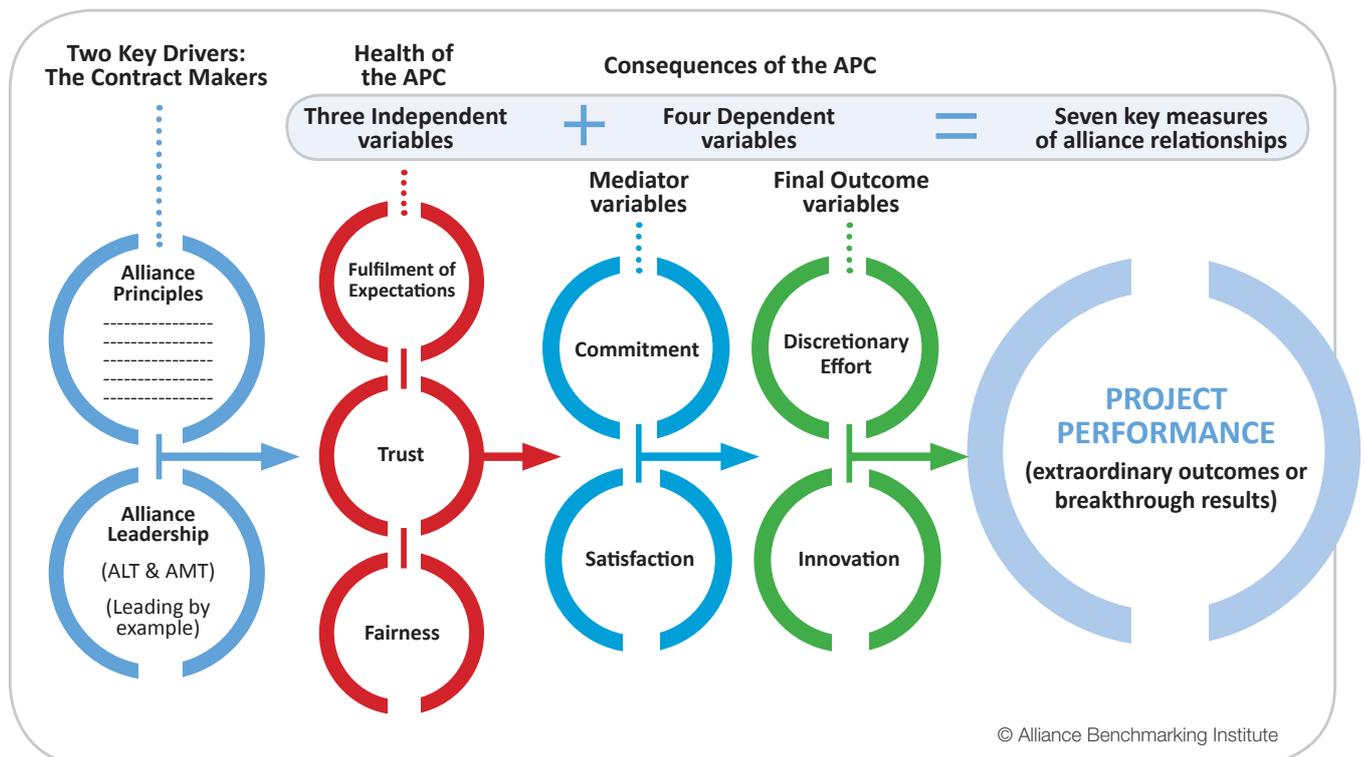
The APC diagnostic model comprises two drivers and seven measures which account for the key elements that can mean the difference between business as usual and the achievement of extraordinary outcomes, as depicted in the figure over the page.

The Alliance Psychological Contract (APC) Model

The two drivers are alliance principles and leadership. These are the contract “makers and shapers” of the APC which strongly influence alliance behaviours.

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The Alliance Psychological Contract (APC) Model



The first three relationship measures reflect the health of the APC: fulfilment of expectations, trust and fairness.

These in turn lead to two initial outcome measures – commitment and satisfaction – which impact on the final two measures, discretionary effort (going that extra mile) and innovation.

The APC survey mentioned earlier constituted the second quantitative phase of the research.

There are three versions of the APC survey, each aimed at a different group within an alliance:

- Alliance Leadership Team (ALT);
- Alliance Management Team (AMT); and
- Wider Project Team (WPT).

Subtle differences between the versions reflect the structural differences within an alliance.

The application of the APC model has validly and reliably measured and diagnosed the health of alliance relationships. It enables comparisons within and between alliances using established benchmarks. The APC survey findings highlight the

areas requiring attention and provide the insights necessary for timely, targeted interventions to address any problems.

About the author



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Sebastian is a performance psychologist, and accomplished facilitator, with more than 15 years experience in the areas of leadership development, organisational transformation and building high performance teams. He is currently working with one of the top AFL clubs, consulting to alliances across Australia, and completing a Doctorate that investigates the link between alliance relationships and performance outcomes.

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